



reinventing pharmacy, creating sustainable solutions

living our values

integrity
collaboration
caring
innovation
accountability

CVS
CAREMARK

2012 CORPORATE SOCIAL RESPONSIBILITY REPORT



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We are:

A pharmacy innovation company



Our purpose:

Helping people on their path to better health



Our strategy:

Reinventing pharmacy



Our values:

Innovation
Collaboration
Caring
Integrity
Accountability



Driven by a Purpose: Helping People on Their Path to Better Health

Through our 7,500 retail pharmacies, 650 MinuteClinic locations and our pharmacy benefit management business that serves 60 million individual members, CVS Caremark touches the lives of millions of people every day. We know that many people are concerned about the high cost of medical treatment and medications, and the lack of access to affordable care. These are real concerns and ones we share.

Over the next six years, we foresee more demand for health care services in the United States as 16 million baby boomers become eligible for Medicare benefits and more than 30 million Americans become insured as a result of the Affordable Care Act. At the same time, the shortage of primary care physicians and other essential health care workers is expected to grow.

This supply and demand conundrum is compounded by another trend – the rise of chronic diseases, such as diabetes, heart disease and asthma, which could affect as many as half of all Americans in the next 20 years. Chronic disease management requires significant health care resources and can be costly, particularly when patients don't adhere to their medications.

We believe there is a strong need for coordinated care for all patients, including those with chronic diseases. The aim should be to achieve high-impact, lower-cost health outcomes, and as a pharmacist, I believe it starts with getting people the medications they need and then helping them stay on the prescribed course. This is what we're focused on at CVS Caremark, with the purpose of helping people on their path to better health.

When we reflect on our corporate social responsibility at CVS Caremark, we believe our highest priorities are to help patients and customers be healthy; to contribute to the long-term sustainability of our health care system; to be good stewards of our company and the environment; to invest in our local communities in meaningful ways; and to offer an excellent workplace for all of our colleagues.

Reporting on our corporate social responsibility has become an annual practice at CVS Caremark. In fact, this is the sixth

annual CSR Report, and we plan to stay the course.

The process of reporting requires that we look beyond our four walls and consider the world around us; listen to and dialogue with our stakeholders; and recognize the direct and indirect impact we are having on people and on society at-large. It is through this process that we determine our most material issues, which are the topics covered in this year's report. For instance, in this report we discuss our efforts to promote better medication adherence among patients as well as the steps we're taking to encourage our colleagues to take personal responsibility for their own health and adopt more preventive measures.

As we did in our previous reports, we provide updates on our environmental performance, including the progress we're making against our carbon intensity reduction goal of 15 percent by 2018, and our initiatives to drive energy and water efficiency. We also report on our community engagement and philanthropic endeavors, many of which are long-standing commitments that continue to fund programs serving children with disabilities and their families, as well as programs aimed at helping those without access to health care to get the services they need.

Our purpose as a company is to help people on their path to better health. This is what drives us in our business, in our relationships with patients and customers, in our local communities and in the workplace with our employees. When people are healthy, they are in a better position to contribute positively to their families, local communities and society. In short, it takes healthy people to create and sustain a healthy and vibrant world. Our responsibility is to help us all get there.

Sincerely,

Larry J. Merlo
President and Chief Executive Officer



CVS Caremark Company Profile

CVS Caremark (NYSE: CVS), headquartered in Woonsocket, RI, is the largest pharmacy health care provider in the United States with integrated offerings across the entire spectrum of pharmacy care. Through our unique suite of assets, we are reinventing pharmacy to offer innovative solutions that help people on their path to better health. We are focused on enhancing access to care, lowering overall health care costs for customers and payors, and improving health outcomes. We are uniquely positioned to deliver significant benefits to health plan sponsors through effective cost management solutions and innovative programs that engage plan members and promote healthier and more cost-effective behaviors. Our integrated pharmacy services model enhances our ability to offer plan members and consumers expanded choice, greater access and more personalized services. We effectively manage pharmaceutical costs and improve health care outcomes through our pharmacy benefit management (PBM), mail order and specialty pharmacy division, CVS Caremark® Pharmacy Services, our CVS/pharmacy® retail stores, our retail-based medical clinic subsidiary, MinuteClinic® and our online retail pharmacy, CVS.com®.

Our Pharmacy Services business provides a full range of PBM services, including mail order and specialty pharmacy services, plan design and administration, formulary management, discounted drug purchase arrangements, Medicare Part D services, retail pharmacy network management services, prescription management systems, clinical services and disease management services. Our clients are primarily employers, insurance companies, unions, government employee groups, managed care organizations and other sponsors of health benefit plans, and individuals throughout the United States.

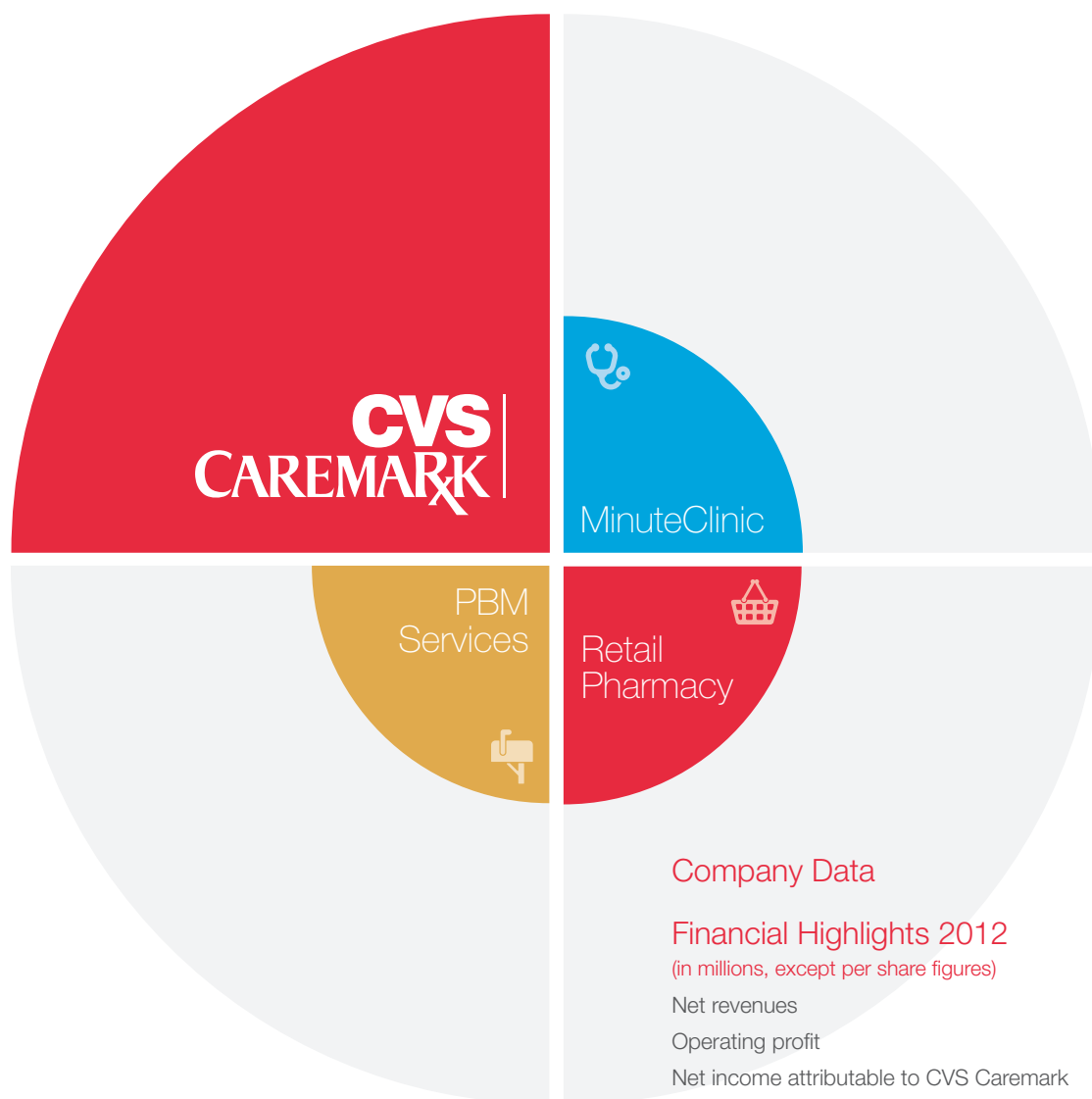
As a pharmacy benefit manager, we manage the dispensing of pharmaceuticals through our mail order pharmacies and national network of approximately 67,000 retail pharmacies (which includes our CVS/pharmacy stores) to eligible members in the benefit plans maintained by our clients and utilize our information systems to perform, among other things, safety checks, drug interaction screenings and brand to generic substitutions.

Our specialty pharmacies support individuals that require complex and expensive therapies. Our specialty pharmacy business includes mail order and retail specialty pharmacies that operate under the CVS Caremark® and CarePlus CVS/pharmacy® names. Substantially all of our mail services specialty pharmacies have been accredited by The Joint Commission, which is an independent, not-for-profit organization that accredits and certifies health care organizations and programs in the United States.

Our Retail Pharmacy business sells prescription drugs and a wide assortment of general merchandise, including over-the-counter drugs, beauty products and cosmetics, photo finishing, seasonal merchandise, greeting cards and convenience foods through our CVS/pharmacy® and Longs Drugs® retail stores and online through CVS.com®. Our Retail Pharmacy business derives the majority of its revenues through the sale of prescription drugs, which are dispensed by our more than 26,000 retail pharmacists. The role of our retail pharmacists is shifting from primarily dispensing prescriptions to also providing services, including flu vaccinations as well as face-to-face patient counseling with respect to adherence to drug therapies, closing gaps in care, and more cost-effective therapies.

Our Retail Pharmacy business also provides health care services through MinuteClinic®, our retail-based medical clinics. MinuteClinics are staffed by nurse practitioners and physician assistants who utilize nationally recognized protocols to diagnose and treat minor health conditions, perform health screenings, monitor chronic conditions and deliver vaccinations.

We employ approximately 200,000 colleagues and have facility locations in 45 states, the District of Columbia, Puerto Rico and Brazil. At year-end 2012, we operated 7,458 retail drugstores and 640 MinuteClinic locations, and had 31 retail specialty pharmacies, 12 specialty mail order pharmacies, four mail service pharmacies, 18 onsite pharmacies, and our CVS.com and Caremark.com websites. During 2012, the Company increased the number of CVS/pharmacy locations by more than 100, and added 100 new MinuteClinic locations.



Company Data

Financial Highlights 2012

(in millions, except per share figures)

Net revenues	\$123,133
Operating profit	\$7,228
Net income attributable to CVS Caremark	\$3,877
Diluted EPS attributable to CVS Caremark	\$3.03
Stock price at year end	\$48.35
Market capitalization at year end	\$59,527

Operational Highlights

Store count at year end 2012	7,458
Retail clinic count at year end 2012	640
Retail specialty pharmacy stores	31
Specialty mail order pharmacies	12
Mail service pharmacies	4
Onsite pharmacies	18
Number of employees	200,000
Facility locations	45 states, the District of Columbia, Puerto Rico and Brazil



Helping People on Their Path to Better Health

Many patients today worry about whether they will have continued access to affordable and quality health care – given the increasing demand for services due to an aging population, longer lifespans, U.S. health care reform and the growing prevalence of chronic diseases. Their concern is a real one and is compounded by the shortage of primary care providers and the high costs of medications and health care services.

As a pharmacy innovation company, CVS Caremark is continuously developing new ways to lower costs and improve health outcomes. One solution, we believe, comes down to reinventing pharmacy in order to better serve patients beyond just filling prescriptions. We are focused on creating a place where patients can expect to receive expert care

and counsel from pharmacists, and immediate and affordable access to nurse practitioners or physician assistants who can provide care for many of their basic health needs.

As we endeavor to reinvent pharmacy, we are focused on:

- Advancing people's understanding about the importance of medication adherence as a key driver of improved health outcomes, while helping people avoid risks associated with not taking medications as prescribed.
- Making it easier for patients to stay on their medications through our innovative programs, such as Pharmacy Advisor® and Maintenance Choice®, among others.

As a pharmacy innovation company, CVS Caremark is continuously developing new ways to lower costs and improve health outcomes.



- Understanding the patient/pharmacist relationship, which is evolving as patients rely more on pharmacists to counsel them, not only on their medications but on other health care concerns, too.
- Providing patients with increased access to quality and affordable care through MinuteClinic®, our retail-based medical clinics.
- Offering free or affordable health services to those who are uninsured or underinsured.
- Ensuring the quality and safety of our products and dispensed medications.
- Inviting timely feedback from patients and customers so we can improve their experiences with CVS Caremark.

Encouraging Better Medication Adherence Through Research and Awareness

Just about everyone at some point during their life will be prescribed medication to treat a temporary illness or manage a chronic disease. Without proper medication, patients may have difficulty recovering from an illness and/or maintaining their health over the long term. Therefore, our highest priority is getting patients the right medication when they need it.

Our other priority is to help patients stay on their prescribed course of medication. This is a challenge because an alarming number of patients do not take their medications as directed. Research shows that 25 percent of patients fail to fill a first-time prescription and half of patients who are prescribed medications for a chronic disease stop taking their medications within a year of starting therapy. Non-adherence to essential medications is a frequent cause of preventable hospitalizations and prolonged patient illness, costing the U.S. health care system an estimated \$300 billion annually.

Determining Root Causes of Non-Adherence

Through a collaboration with Harvard University and Brigham and Women's Hospital that began in 2009, we have been examining the reasons why some patients don't initiate their prescribed medicine or stop taking it mid-course, and what measures can be taken to improve medication adherence. Through our Behavioral Change Research Partnership, we have also worked to identify better methods and channels for communicating with patients, with the help of behavioral scientists and economists from Carnegie Mellon University, Dartmouth College's Tuck School of Business, the University of Pennsylvania's Medical School, and Wharton School of Business.

In March 2012, we published the *State of the States: Adherence Report*, a first-of-its-kind study that looks at how patients in all 50 states are complying with their doctors' orders about taking medication. This review of CVS Caremark's pharmacy benefit management claims data focused on four common disease states – hypertension, high cholesterol, diabetes and depression – that make up a large portion of what health plan sponsors spend for prescription medications.

Through our collaborations and research studies, we've identified several key factors contributing to non-adherence of prescribed medications. Among them:

- A lack of understanding about the link between medication adherence and healthier outcomes, as well as reduced health care costs. This is why we are investing so much in educating patients, policymakers and health care providers about this issue.
- Ineffectively communicating to patients about their prescriptions or refills. We have expanded the channels we are using to reach patients and developed better mechanisms to stay in touch.
- Out-of-pocket costs of medication, which is why generics are such an important option.

We have been sharing the *State of the States: Adherence Report* with state and regional officials and policymakers in all states. We hope by initiating these discussions around adherence, we can urge policymakers to focus more attention and resources on improving medication adherence and establish it as a national priority.

Promoting Prescription Use as Prescribed

As a pharmacy innovation company, we recognize the role we play in ensuring prescription medications are used appropriately and as intended. In 2012, CVS Caremark sponsored The Medicine Abuse Project, an initiative of The Partnership at Drugfree.org, which aims to prevent a half-million teens from abusing medicine over the next five years. We asked millions of our customers to take the project's pledge to learn about teen medicine abuse, to safeguard medicines in the home and to talk to teens about this important issue.

We are also supporting a year-long prescription drug abuse initiative organized by the National Governors Association and the National Safety Council. As part of the initiative, seven states are participating in a drug policy academy to develop strategies and recommendations to arm governors who are working to reduce prescription drug abuse in their states.

Making it Easier for Patients to Stay on Their Prescribed Course

Pharmacy Advisor®

Through the Pharmacy Advisor program, CVS Caremark pharmacists are helping patients with chronic conditions achieve better health outcomes by encouraging medication adherence and closing gaps in care. Our pharmacists engage with pharmacy benefit management (PBM) plan members face-to-face in our stores or by phone when they fill prescriptions through our mail service pharmacy, allowing them to provide counsel and communicate in real time with their physicians when necessary.

We launched Pharmacy Advisor initially for patients with diabetes in early 2011, and expanded the program in 2012 to include patients with high blood pressure, high cholesterol, coronary artery disease and congestive heart failure. Research published in *Health Affairs* about the Pharmacy Advisor program indicates that pharmacist interaction with patients

with diabetes and their doctors helps increase patient medication adherence rates and physician initiation of prescriptions, which improves outcomes for patients and helps reduce costs for payors.

Among patients participating in Pharmacy Advisor, the incidence of non-adherence dropped by 17 percent and the number of first fill drop-offs decreased by 26 percent during 2012. By the end of 2012, 950 CVS Caremark PBM clients, representing 16.5 million individual members, were enrolled in Pharmacy Advisor.

In early 2013, we extended Pharmacy Advisor offerings to cover an additional five chronic conditions, including asthma, breast cancer, chronic obstructive pulmonary disease, depression and osteoporosis.

Maintenance Choice®

CVS Caremark's Maintenance Choice program is another example of the company's commitment to providing quality pharmacy health care that is more convenient, accessible and affordable. The program gives eligible pharmacy benefits management plan members the option of picking up their 90-day maintenance prescriptions at CVS/pharmacy locations or receiving them through the mail. Regardless of which channel the member selects, they pay the typically lower mail copay, while the plan sponsor receives the typically lower mail rate. Approximately 16 million CVS Caremark plan members were enrolled in Maintenance Choice as of early 2013.

Today's Pharmacists: Playing an Active Role in Caring for Patients

The retail pharmacy landscape has changed significantly over the past decade. As health care costs continue to rise and industry reform becomes more complex, the pharmacist's role has evolved from just dispensing medicines to being a provider of health care services and an advisor to patients on navigating the health care system. Also driving this trend is the shortage of primary care physicians, which can make access to a regular doctor challenging for some patients.

To meet these changing needs, CVS/pharmacy introduced patient care programs that help people on their path to better health through improved medication adherence and enhanced pharmacy service. Through face-to-face consultations, such

Projecting Cost Savings from Improved Medication Adherence

Our research on medication adherence was instrumental in the development of our Pharmacy Care Economic Model (PCEM), which identifies potential cost savings that health plans can achieve if they adopt certain measures aimed at improving medication adherence. For businesses with 100,000 health plan members, the CVS Caremark PCEM projects that more than \$50 million can be saved through medical care cost avoidance and increased productivity.

as those prompted by Care 1on1™, pharmacists help patients find lower-cost alternatives to make medicine more affordable and reinforce the importance of adhering to their prescriptions. Pharmacists also promote adherence through offerings designed to target patients for preemptive clinical intervention at relevant points in the patient's therapy. For example, patients are encouraged to refill past due prescriptions through our adherence outreach interventions. Additional programs include first-fill counseling, refill reminders and ReadyFill®.

These patient care and intervention programs have reached more than 220 million patients since 2008, including 72 million in 2012, an increase of approximately 19 percent over 2011.

Preparing Patients for Health Care Reform

CVS Caremark has partnered with Enroll America, a nonpartisan nonprofit organization working to make sure all Americans have health coverage, to educate people about their health care options available under health reform and the steps they need to take to enroll quickly and easily when the time comes.

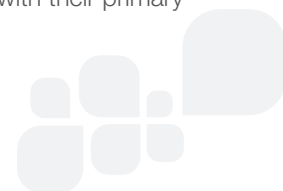
In 2012, CVS Caremark partnered with the Centers for Medicare and Medicaid Services (CMS) to raise awareness about new service offerings for Medicare patients under the Affordable Care Act. CVS/pharmacy and MinuteClinic locations provided informational materials about the new services, including CMS coverage of a free annual wellness visit and a wide variety of preventive tests and screenings. To support this outreach, CVS/pharmacy and MinuteClinic distributed 750,000 brochures and printed 30 million messages on register receipts for customers over age 65. As part of this partnership, U.S. Health and Human Services Secretary Kathleen Sebelius visited a CVS/pharmacy and MinuteClinic in Jacksonville, Florida, where she highlighted these new benefits and options that will help Medicare patients stay healthier.

Providing Increased Access to Care through MinuteClinic®

MinuteClinic, the leading retail medical clinic provider in the U.S., provides patients with convenient access to high-quality affordable health care inside their local CVS/pharmacy stores. Since 2000, MinuteClinic has provided care to more than 15 million patients – eight million of whom have been treated in the last three years. As of the end of 2012, there were approximately 640 MinuteClinic locations in 25 states and the District of Columbia. MinuteClinic is on track to meet its goal of operating 1,500 clinics in more than 35 states by 2017.

MinuteClinic's family nurse practitioners and physician assistants provide treatment for common family illnesses, skin conditions and injuries, administer vaccinations, conduct physicals and wellness screenings, and offer monitoring for chronic conditions, seven days a week without an appointment, including evenings, weekends and holidays. Convenience is a key factor that drives consumers to seek out high-quality care at MinuteClinic.

A second factor is the profound shortage of primary care physicians in the U.S. It is already a challenge for many patients to get a timely appointment with a primary care physician. With a projected shortfall of 50,000 primary care physicians expected by 2020, and millions more patients entering the system in 2014 with health care reform, this problem is only expected to get worse. MinuteClinic gives these patients – who might otherwise wait weeks or even months to see a primary care physician – the opportunity to be seen and treated sooner. MinuteClinic services are covered by most insurance plans, with patients typically paying their primary care co-pay for services. With patient consent, clinical documentation is shared with their primary care physician.



Expanding Scope of Services

MinuteClinic is also continuing to expand the scope of services provided into non-acute areas, such as monitoring and point of care testing for diabetes, hypertension and high cholesterol, in addition to vaccinations and wellness screenings. In 2012 and early 2013, MinuteClinic piloted enhanced smoking cessation and weight loss programs in four states. In total, non-acute services represented the fastest growing segment of the MinuteClinic business and accounted for 17 percent of MinuteClinic volume last year.

MinuteClinic continued to promote the value and convenience of services for those with chronic conditions by offering glucose screenings and diabetes monitoring visits including testing for Hemoglobin A1c and kidney function, body mass index (BMI), foot, blood pressure and cholesterol

checks. During May 2012, MinuteClinic partnered with Million Hearts™ to offer free blood pressure screenings each Friday during National High Blood Pressure Education Month. MinuteClinic practitioners are certified on the American Heart Association's High Blood Pressure Guidelines for the treatment and management of high blood pressure.



Quality and Satisfaction

Building on its established record for clinical quality, MinuteClinic has become the first retail clinic provider to achieve three consecutive accreditation awards from The Joint Commission by demonstrating compliance with their national standards for health care quality and safety. MinuteClinic has a 95 percent customer satisfaction rate as measured through Press Ganey, the industry's recognized leader in health care patient satisfaction measurement.

Forging Health System Relationships

MinuteClinic is forging collaborative clinical relationships with many of the nation's leading health systems, including Cleveland Clinic, Henry Ford Health System, Emory Healthcare and others. In 2012, MinuteClinic added eight new health systems, bringing the total by year end to 22 affiliations representing nearly 130 hospitals and 50,000 physicians. Health system physicians collaborate with MinuteClinic practitioners to serve as medical directors, providing quality oversight and education services.

MinuteClinic is also integrating electronic medical record systems with affiliated hospital systems. This allows MinuteClinic providers to view prior clinical information such as current prescriptions and medication allergies. It then allows the MinuteClinic visit summary to be visible within the patient's overall history and to be accessed by their primary care provider at the affiliated health system. Patient consent is obtained before any patient record is transmitted over a secure network to the primary care physician.

Ask Me 3

In 2011, MinuteClinic became the first retail clinic provider to launch a partnership with the National Patient Safety Foundation for its health literacy program. This patient education program is designed to enhance communication between health care providers and patients in order to improve health outcomes. The program encourages patients to ask and understand the answers to three questions:

- What is my main problem? This is to give the patient a deeper understanding of the diagnosis.
- What do I need to do? This is to help the patient focus on the treatment plan.
- Why is it important for me to do this? This is to provide the patient broader context on why they should follow the clinical treatment directions.

To showcase the partnership with the National Patient Safety Foundation, MinuteClinic displays information online, as well as certificates and brochures in each clinic.

In 2012, MinuteClinic practitioners received additional training on implementing the Ask Me 3 program during their patient interactions. These efforts resulted in an increase in the use of the Ask Me 3 program.

CVS Caremark Survey: Pharmacists Say Cost is Biggest Barrier to Medication Adherence

In 2012, CVS Caremark released the results from a survey of CVS retail pharmacists which underscored that cost remains a key barrier to medication adherence and reinforced the important role of the pharmacist in helping people take their chronic medications as directed. While there are many reasons people stop taking their medications, the majority of pharmacists surveyed (62 percent) said that the high cost of drugs is currently the biggest cause of nonadherence for their patients. Despite this barrier, the vast majority of respondents (89 percent) said they believed counseling their patients is as important as filling their prescriptions and the majority agreed (88 percent) that those patients who pick up their medications and receive first-hand counseling from their pharmacist were more likely to be adherent.

When talking about the impact of cost on adherence, 91 percent of CVS retail pharmacists who participated in the survey agreed that having cost-efficient alternatives to more expensive therapies improves medication adherence. In addition, 89 percent of the pharmacists that participated in the survey agreed that their patients welcome being offered generic substitutions as a cost-savings measure.

Supporting Patients and Communities Through Affordable Health Services

CVS Caremark engages in community outreach programs to support uninsured and underinsured patients who may need additional resources to manage their health and pharmacy care needs.

Free Health Screenings

In 2012, CVS/pharmacy provided free and low-cost medical screenings and services to more than 160,000 people through its Project Health initiative. Project Health aims to prevent disease through early detection of conditions such as diabetes, high blood pressure and high cholesterol. For more information on the program, see p. 35.

Free Flu Shots for the Uninsured

During the 2011-2012 winter flu season, CVS/pharmacy and MinuteClinic supported people in need by offering free flu shots as part of our Project Health events. Qualifying patients who participated in a "Flu Voucher Friday" event received a health screening and a voucher redeemable for a flu shot at any CVS/pharmacy or MinuteClinic location. Events were hosted in Atlanta, Chicago, Dallas-Fort Worth, Detroit, Houston, Los Angeles, Miami, New York, Philadelphia and Washington, DC.

NACo and NLC Prescription Discount Card Programs

CVS Caremark partners with the National Association of Counties (NACo) and the National League of Cities (NLC) to administer prescription discount programs to help people save money on prescriptions that are not covered by their insurance. Discount cards are distributed by counties or member cities for use at any participating retail pharmacy.

As of 2012, more than 65,000 pharmacies nationwide participated in these programs, including most chain and independent pharmacies.

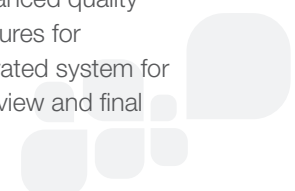
These programs reached 520,000 people in 2012. Residents of counties participating in the NACo Prescription Discount Card Program saved more than \$60 million on their prescription medications, with an average discount per prescription of 27.6 percent. Participants in the NLC discount card program in 2012 saved more than \$2.5 million on their prescription medications, with an average discount per prescription of 26.1 percent.

Ensuring Quality and Safety

Product quality and patient safety are top priorities for CVS Caremark. Through various programs and initiatives in our pharmacy operations and supply chain, we are ensuring the prescription medications and products we sell are safe, high-quality and cost-effective.

Pharmacy Operations

All of our pharmacy operations, including mail, specialty pharmacies and retail pharmacies, follow comprehensive quality assurance processes for prescription safety and accuracy. The dispensing process employed in our prescription mail service operations includes extensive quality assurance measures, such as enhanced quality control, electronic imaging, quality procedures for compounded prescription items, an integrated system for eligibility verification and drug utilization review and final quality assurance checks.



At our specialty pharmacies, we employ an additional comprehensive review process for medication appropriateness and conduct a complete patient assessment to help prevent safety, administration or efficacy issues with the prescribed medication.

Our retail pharmacies also have well-defined processes in place to ensure accurate dispensing, including on-screen computer messaging, bar-coded prescription labels, electronic prescribing, automated prescription filling technology, electronic pill imaging, electronic scanning of prescription orders, upgraded prescription verification computer screens, enhanced telephone order prescription blanks and quality assurance training for all pharmacy personnel.

CVS Caremark also works with industry organizations to evaluate our quality and safety processes and provide feedback on opportunities for improvement. In 2012, PSO Advisory, a patient safety organization based in Providence, RI, evaluated areas of risk to our patient safety program, such as look-alike medications and packaging. Also, they supported our advancements in safety, such as quality performance metrics, WeCARE pharmacy workflow, drug utilization review optimization, and electronic prescribing. PSO Advisory also helped us develop a new tool to enhance how we collect quality related event (QRE) data, such as dispensing or labeling errors. The QRE tool improves our system intelligence and user experience.

In addition, we launched an internal quality assurance website to enhance our culture of quality and safety through a forum for peer review and to share case studies and best practices.

Prescription Safety

To ensure patient safety with regard to their prescriptions, we include a description of what the medication looks like on all prescription labels. We also advise patients to check their medication to make sure that it matches the label information indicating color, shape and markings. Labeling information also includes side effects as well as instructions on how best to take the medication. A comprehensive drug description slip is also provided with every prescription and contains helpful information about side effects, drug

interactions and what to do if a patient misses a dose. Our labeling practices apply to all prescription medications dispensed by the company.

In addition, our pharmacists are trained to exercise their professional judgment to meet the challenges posed by the regulatory imperative to prevent drug diversion and inappropriate drug use.

Prescription medications account for nearly 70 percent of revenues at CVS/pharmacy stores and more than 80 percent of CVS Caremark's total revenues.

Product Quality Assurance, Safety and Testing Process

CVS/pharmacy follows a standardized process to ensure consumer product quality and safety, and our suppliers must comply with our product quality and safety standards and requirements. We utilize a third-party company to provide the technical expertise to support day-to-day operations of our quality assurance testing program at all levels – from production to use.

CVS Brand Products

Our goal when developing a CVS Brand product is to meet or exceed national brand performance. The manufacturing of CVS Brand products is contracted through third-party vendors who are required to comply with all applicable laws and regulations. All CVS Brand products are evaluated at least annually and reviewed for their adherence to specifications and performance. We are continuously improving our products based on ongoing market surveillance and customer feedback.

The CVS Brand testing program assists in assuring the highest quality standards for each product. This program is designed to maximize quality and minimize the chance of recalls, withdrawals and customer complaints. It also provides us with critical information for selecting suppliers. The overall objective is to assure the products we offer are safe, work as intended, comply with regulations and satisfy customers.

Prior to acceptance as a CVS Brand product, potential new store products must demonstrate compliance through rigorous testing with all quality standard requirements as detailed in our Test Requirements protocol. This protocol

Our goal when developing a CVS Brand product is to meet or exceed national brand performance.



specifically states animal testing is prohibited. In addition to testing, the supplier must have on file the documentation to substantiate their products are not tested on animals and do not use adulterated materials.

A Technically Advanced Quality Assurance® (TAQA) Program was developed with a third party to assist CVS Brand products meet regulatory safety requirements, and have the identity, strength, quality and purity characteristics that they are represented to possess.

The quality program includes regular quality assurance monitoring of current CVS Brand products, potential new products, first shipment to distribution centers and stores, and modified products. National brand equivalency is judged for these products that make a claim. Products that show some deviation from criteria require complete investigation and appropriate implementation of corrective action to prevent future deviations.

As part of our post-marketing surveillance initiative, CVS quality assurance has established item performance metrics (complaints and returns) supported by a corrective and preventative action program. As part of this program, monthly quality reports are issued and corrective action requests are sent to suppliers. Potential outcomes of the post-marketing surveillance initiatives include product enhancements, recalls, product discontinuation and supplier termination.

In 2013, we plan to launch the WERC Smart tool, which will be used by our suppliers to register ingredient information for any chemical-based or electronic product they supply to us. This will be a mandatory process that will allow us to not only monitor the chemicals that are in the products we sell, but also help us in the safe handling, transport and disposal of these products. This is a significant undertaking for CVS and speaks to our commitment to effectively manage the use of chemicals in our supply chain and products.

Imported Products

All imported consumer products, in the form of final production samples, are tested for quality, safety and performance. We are also committed to working with suppliers who meet our standards as responsible corporate citizens. For more information, please see pp. 57-59.

Effective Management of Product Recalls

We have effective processes in place for managing pharmaceutical and product recalls, including many steps which are taken as a precautionary approach:

- Notifying internal and external stakeholders
- Removing products from the shelves at all of our stores, distribution centers and our website
- Ensuring that technological solutions are activated to block accidental sales
- Educating colleagues on recalls
- Posting retail recall posters, when appropriate
- Returning recalled items for proper disposal

Part of our purpose of helping people on their path to better health is ensuring that our customers continue to have access to the medications they need, even when market forces create disruptions to supply. In November 2012, drug manufacturer Ranbaxy voluntarily recalled certain supplies of atorvastatin, the generic version of the cholesterol medication Lipitor. We acted quickly to ensure that contracts were in place with alternate manufacturers to supply atorvastatin so that patients did not have any disruption to their therapy. During the flu season, market demand caused a supplier shortage of the liquid version of Tamiflu, which is commonly prescribed for children to treat flu symptoms. However, because the capsule version of Tamiflu was in plentiful supply, CVS pharmacists compounded Tamiflu capsules into a liquid for customers who had prescriptions for the liquid version.

Cosmetic Safety

Our cosmetics supplier partners are actively engaged in ingredient and product safety and provide industry-wide thought leadership on these issues. We require our cosmetics vendors to supply CVS/pharmacy with products that comply with our Cosmetic Safety Policy and applicable regulations in regard to banned substances and packaging requirements. In evaluating vendor compliance to ensure cosmetics safety, products must be formulated to ensure they present no risk of contamination and each production batch must be tested to meet FDA requirements and CVS/pharmacy specifications. In addition, product ingredients are identified and each ingredient is evaluated based on available safety information before it is considered for sale. Colorants are confirmed to ensure they are acceptable for use by FDA requirements. Testing is performed to assess and confirm skin compatibility as well as to confirm the absence of lead, bisphenol-A and phthalates as required by regulation.

As part of our process, we evaluate the ingredients in our CVS Brand products. For example, we phased out the use of parabens and formaldehyde-releasers in all CVS Brand baby care products. These products do not contain triclosan or phthalates, including diethyl phthalate (DEP). The levels of 1,4 dioxane are less than 5 parts per million in our baby care products.

In addition, in 2012 we created seven new baby care products which are now available in our stores. The products are quaternium-15 free, cruelty-free and gluten-free, as well as dermatologist and pediatrician tested.

We are also dedicated to expanding our in-store offerings to include a wider range of natural and organic products. We are proud to support and offer SheaMoisture, a brand that aligns with the Campaign for Safe Cosmetic's mission in promoting products that are better and safer for the consumer and the environment. Each SheaMoisture hair care product lists the ingredients not used in its creation:

- No parabens
- No phthalates
- No paraffin
- No propylene glycol
- No mineral oil
- No synthetic fragrance
- No PABA
- No synthetic color
- No DEA
- No sulfates
- No dioxane

In addition, we currently offer other natural beauty products that meet the European Union standards for reduced environmental risk and impact, including Avalon® Natural Products, Yes to Carrots®, Dr. Bronners and Weleda. These beauty brands have also signed the Compact for Safe Cosmetics. These brands, along with others offered by CVS/pharmacy including Alba Botanica, Jason Natural Cosmetics and Tom's of Maine, are listed as "Champions" or "Innovators" in the Campaign's Market Shift report.

In December 2012, the Campaign for Safe Cosmetics ranked retailers according to their commitment to safer personal care products. CVS ranked second and received five "kisses" (out of a possible 10) in recognition of the progress we have made in this area.

To further ensure safety and promote education across the retail industry, our product development managers participate in professional organizations and consult with third-party experts on specific issues related to ingredient and product safety facing the industry. Our Government Affairs team and third-party quality assurance labs keep us apprised of current and potential legislation that would impact our protocols, as well as developments around the world that may eventually impact U.S. standards. We are also monitoring the Food Safety Modernization Act and Reasonable Testing program to understand what impact that will have on us and our suppliers.

CVS/pharmacy Cosmetic Safety Policy

Our company is dedicated to improving the lives of those we serve through innovative and high-quality health and pharmacy services. That is why we are dedicated to staying abreast of new conclusive research related to cosmetic safety, to assessing findings that demonstrate a linkage between certain health and environmental risks and specific chemical ingredients used in beauty and personal care products, and to evaluating how these findings impact the products we sell.

We are committed to:

- Providing our customers with innovative products from around the world that have been hand-selected and tested to meet or exceed regulatory standards
- Building relationships with partners who educate us on scientific research and developments related to ingredients of concern in cosmetic products
- Continuously evaluating our CVS Brand and private label products based on new research findings
- Partnering with our cosmetic suppliers to ensure proper protocols are used to ensure cosmetic safety
- Developing action plans to replace ingredients of concern in our branded and private label products when safer alternatives are available and prompting similar action by our suppliers
- Educating consumers on our cosmetic safety standards and on product evaluation tools that will enable them to take an active role in maintaining good health

Enhancing the Customer Experience and Providing Value

CVS Caremark is always looking for new ways to engage with our customers to better understand their needs and provide innovative solutions that improve their experience with us.

Rewarding Customers with ExtraCare®

CVS/pharmacy's ExtraCare program has become the largest retail savings and rewards program in the United States with more than 70 million active cardholders. ExtraCare is also the vehicle for offering our customers value and a personalized shopping experience.

Since the launch of ExtraCare, CVS/pharmacy has continued to innovate the program by offering shoppers new and personalized ways to save. Shoppers have many options to choose from to receive savings and rewards. They can visit ExtraCare® Coupon Centers, red kiosks available at all CVS/pharmacy locations, where they can scan their cards before they shop to print available coupons or quarterly ExtraBucks® Rewards they can use right away. ExtraCare members can also opt-in to receive additional coupons and health and beauty information via email. For shoppers who prefer not to print or keep track

of paper coupons and rewards, the Send to Card® feature lets shoppers redeem ExtraSavings™ and ExtraBucks® Rewards digitally, by sending quarterly ExtraBucks® Rewards and select coupons delivered via email or on CVS.com straight to their ExtraCare cards.

A special program, the ExtraCare Beauty Club® offers members a 10 percent off beauty shopping pass upon enrollment, \$5 in ExtraBucks Rewards for every \$50 spent on beauty purchases and \$3 in ExtraBucks Rewards on the member's birthday, as well as special beauty offers throughout the year. Members also receive monthly email newsletters with exclusive coupons, tips from experts and new product information.

Customers with diabetes may also join ExtraCare Advantage for Diabetes® and earn ExtraCare savings and rewards, including double ExtraBucks Rewards on more than 100 products to help them manage their diabetes, including testing supplies, glucose test strips and glucose meters.

In early 2013, we launched ExtraCare Pharmacy & Health Rewards™ to give ExtraCare members more ways to earn rewards when filling prescriptions. Participants in ExtraCare Pharmacy & Health Rewards earn \$5 in ExtraBucks Rewards for every 10 prescriptions filled. The design of the new program is intended to provide positive reinforcement

to customers on an individual basis for refilling their prescriptions as a way to encourage them to stay adherent to their prescribed medications. Members also earn rewards for taking actions such as getting immunizations or proactively managing their prescriptions with resources like text message alerts or email refill reminders through CVS.com.

Engaging Customers Through Social Media

Our social media presence creates many opportunities to communicate and connect with customers and other stakeholders.

The official CVS/pharmacy Facebook page, which now has more than 1.1 million fans, provides health care tips, information on our unique pharmacy offerings and other relevant news for customers. Sharing our latest sales and ExtraCare deals through Facebook is just another way we help our customers make the most of their money. We also invite customers to tell us about their experiences in our stores and the Facebook page has been used to host pharmacist chats on topics including the flu, diabetes and allergies. The ExtraCare Twitter handle, @CVS_Extra, offers 86,500 followers access to ExtraCare deals, exclusives and savings advice from experts.

The MinuteClinic Facebook page, with nearly 500,000 fans, provides information on common medical problems and seasonal health conditions as well as health and wellness tips and recipes.

The CVS ExtraCare Beauty Club® Facebook page and @CVSBeautyClub Twitter handle, with nearly 400,000 fans and followers combined,

helps consumers learn how to save on their favorite beauty items and learn about new products and tips from beauty experts. In addition, a CVS Caremark All Kids Can® Facebook page serves as a community resource for families raising children with disabilities and for our nonprofit partners who support those families (see p. 38 for more details).

The corporate microsite, CVSCaremarkFYI.com, is the place where we feature our innovative people – and the customers, clients and patients who they are helping on their path to better health. Our @CVSCaremarkFYI Twitter handle communicates ways we are reinventing pharmacy for better health.

Making Digital Connections

In 2012, CVS/pharmacy launched a new CVS.com, an interactive website that offers shoppers a highly personalized pharmacy and retail experience. The new CVS.com seamlessly extends the access to pharmacy services found in-store to shoppers' homes and mobile devices, making managing, refilling and picking up medications easier and more convenient. Shoppers can view all of their prescriptions and manage refills online on the new site as well as access a Drug Information Center to view descriptive images of each prescribed pill. Shoppers can view a dashboard of their in-store and online shopping and savings history through ExtraCare and send personalized digital offers to their ExtraCare cards. Additionally, all the features and functionality of CVS.com can also be found in Spanish at <http://es.cvs.com/>.

CVS/pharmacy also introduced new mobile features for iPhone and Android users, including apps to enhance customers' shopping and prescription refill functionality through our mobile site (m.cvs.com). This makes it possible for customers to use mobile devices to scan their ExtraCare card to manage their ExtraCare account, scan and send prescription refill requests and order photo prints from CVS Photo Centers. In early 2013, in a recent consumer survey of retail apps by Xtreme Labs, the CVS Mobile app was top-rated for Android supported mobile devices.

Also in early 2013, CVS/pharmacy launched an innovative new iPad App featuring a 3D store and digital pharmacy experience making it easy for customers to manage prescriptions and shop from their tablets. With the new iPad app, customers can explore a virtual 3D CVS/pharmacy and quickly



Meeting the Needs of an Aging Population

CVS Caremark is taking steps to ensure that we are effectively meeting the unique needs of the aging population in the U.S. For instance, our colleagues are focused on providing more personalized service and offering assistance to help customers find what they need.

For our pharmacy customers, we provide education to patients enrolling in Medicare Part D programs for the first time, so they're equipped to select the best coverage for their situation. We also advise patients on how to compare prescription drug plans during the Medicare Part D Annual Enrollment Period.

access services from the pharmacy, ExtraCare, Photo Center and MinuteClinic, as well as browse their favorite departments to shop. In the coming months, CVS/pharmacy will introduce support for additional tablet platforms.

CVS Caremark's website for its pharmacy benefit management (PBM) members, Caremark.com, was recognized with top honors by the 2012 eHealthcare Leadership Awards. Caremark.com was recognized with a Platinum award for best overall internet site and a gold award for best interactive site.

Gathering Retail Customer Feedback

In 2012, CVS Caremark introduced "myCustomer Experience," which is an evolution in the way we gather feedback from retail customers. We now capture feedback through an online survey instead of via phone in an effort to glean more discerning insights from customers who might be less likely to participate or give critical feedback via phone.

CVS/pharmacy also has a proprietary Advisor Panel of 125,000 consumers who provide us with feedback on a variety of topics. We conduct approximately 75 studies each year with this group – covering topics related to merchandise, social media and service – and typically achieve a response rate of about 50 percent. The insights obtained are used to develop new programs and products.

Through our state-of-the-art focus group facility, which includes a full-sized prototype of a CVS/pharmacy store, we conduct focus groups to test new products and services, such as mobile apps. Just as important is getting feedback on the in-store customer experience, including store layout and design, product merchandising concepts, signage, way-finding and other store features. The facility is also equipped with eye-tracking technology to help measure what

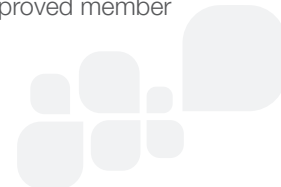
customers actually see while shopping our aisles. In 2012, we engaged 700 customers in various focus group studies.

In 2012, our survey system garnered feedback from more than 700,000 retail customers. In addition, our call center (1-800-SHOPCVS) handled more than 1.5 million contacts (in the form of phone calls, emails and letters) from customers about their CVS/pharmacy experience and the ExtraCare program, with results reported to every store, district, region and area in a timely fashion. Surveys were sent to ExtraCare customers and Advisor Panel members who had provided their email addresses to us. The insights gathered from the completed surveys and customer contacts help us understand how we can better leverage existing service strengths and focus on areas where we have improvement opportunities.

Over the years, engagement with customers has helped to identify their desires – such as staying healthy and saving time and money – and develop the successful innovations we have to address them, such as drive-thru pharmacies, ReadyFill, large "club" sizes of OTC products, Maintenance Choice, ExtraCare and MinuteClinic.

PBM Client and Member Feedback

We are continually gathering feedback from our clients and the individual members receiving our PBM services as well. The feedback process plays an important role in quickly identifying member concerns or service issues so adjustments can be made to improve the overall customer experience. For instance, through a 2012 member survey, we discovered that our automated voice system and online ordering process was not meeting member expectations for ease of use. Based on this feedback, we made changes to our systems and are in the process of measuring the impact of those changes. Early results indicate improved member satisfaction with the user experience.





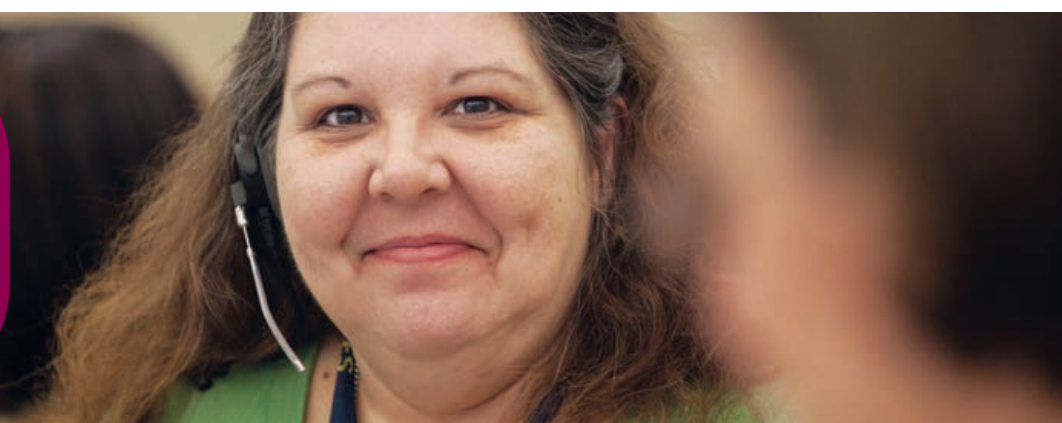
A Pharmacy Innovation Company Committed to Its People

To cultivate an engaged workforce today, a company must provide healthy and safe working conditions, career development and training opportunities and recognition programs. Research shows investments in employee health care, development and engagement can improve productivity, spur innovation and attract and retain top talent. Among the challenges facing the U.S. health care sector is the need for more employees with science, technology, engineering and math (STEM) skills and expertise. There are more jobs than there are candidates for these highly skilled positions, including positions for pharmacists, nurse practitioners and physician assistants.

Employees are the foundation of CVS Caremark's business and we are committed to fostering a

culture that encourages creativity and innovation. We are a company that makes recognizing people for their contributions a high priority. We also develop and offer job programs for individuals with barriers to employment and invest in partnerships and initiatives that promote interest in STEM careers. We do this to help ensure there is a pipeline of qualified pharmacists, pharmacy technicians, nurse practitioners and other professionals who will play a critical role in our competitiveness and growth.

Whether our colleagues work in our stores, our pharmacies, our clinics, or in our many corporate offices around the country, they all share one thing in common: An understanding that our success is also theirs.



Employees are the foundation of CVS Caremark's business and we are committed to fostering a culture that encourages creativity and innovation.

Comprehensive Benefits

CVS Caremark is committed to providing a benefits package that is comprehensive, competitive and customizable. We realize compensation comes in many forms and a paycheck is only one part of that equation. That's why we have a best-in-class benefits program that makes employee engagement a top priority and rewards achievement and talent in a variety of ways. In 2012, we spent \$8.7 billion on wages and benefits for our colleagues – a wise investment given the phenomenal service and value they bring to our millions of customers, patients and clients every single day.

Full-time colleagues who work an average of 30 hours per week or more (23 hours per week in CA) earn a full benefits package. This package includes comprehensive medical, prescription, vision and dental coverage with contributions payable on a pretax basis; a 401(k) and an employee stock purchase plan; fertility and adoption benefits; life, accident and disability insurance; flexible spending accounts; paid time off; tuition reimbursement; and an employee discount at our stores, as well as access to many other employee discounts.

Colleagues who work part-time qualify for a partial benefits package that includes medical, hospital indemnity, dental, vision and life insurance that are paid by the colleague on a pre-tax basis.

Empowering Healthy Decisions

The health care system is rapidly changing, in part due to health care reform, advances in technology and an aging population. As a pharmacy innovation company and as an employer of more than 200,000 people across the country, these changes are presenting us with both opportunities and challenges.

While the implementation of the Affordable Care Act may result in some employers deciding to no longer provide health care coverage to their employees, many companies, including CVS Caremark, are committed to continuing to

provide medical coverage and health care programs for colleagues. Ultimately, we want to help our employees be as healthy as they can be, while also managing the increasing costs associated with the changing health care landscape. That's why our traditional health care plan is evolving into what we call a *Plan for Health*.

The program combines a best-practice approach to health coverage with preventive care and wellness programs through which our colleagues will be more accountable for taking control of their health and associated costs. The first step is for colleagues to get to know their biometric numbers by undergoing a free health screening and completing an online health assessment, or Wellness Review, each year. If colleagues complete both of these they pay \$600 less annually for medical coverage. Many have also benefitted by learning, some for the first time, that they have a chronic health condition that needs to be addressed.

The results of a colleague's health screenings are completely confidential. Consistent with the requirements of HIPAA and to maintain employee privacy, all personal health data are collected and reviewed by WebMD, the administrator of the CVS Caremark Wellness Program, and are never shared with CVS Caremark.

CVS Caremark is not alone in encouraging our colleagues to complete a health assessment. In fact, health assessments are becoming a trend among employers nationwide. According to a National Business Group on Health survey, 79 percent of employers offered a health assessment in 2011 and 76 percent of those employers offered incentives for completion. Also, 62 percent of large employers offered biometric screenings and 52 percent of those employers offered incentives for completion.

The *Plan for Health* initiative followed the launch of our WellRewards employee wellness program in 2012. Also in partnership with WebMD, the program offered employees access to a new online Wellness Review; personalized health programs; and health challenges and trackers. In addition, WellRewards was linked to the employee recognition program, Values in Action (see p. 23). The linked programs allowed colleagues to participate in quarterly

wellness activities where they could earn up to \$200 in reward “points” by visiting the WellRewards WebMD website three times within a three month period, competing in a group activity challenge or participating in a Stress Awareness campaign which encouraged them to take a stress assessment and survey. The final challenge rewarded colleagues for completing any of the following activities:

- Enrolling in the tobacco cessation program and setting a personal quit date
- Completing two calls with a health coach in one of our health management programs
- Taking part in *Destination Healthy Baby!*, a program designed to lower the rate of pre-term births, the number of pregnancy-related hospital admissions and the length of admissions to the Neonatal Intensive Care Unit (NICU)
- Getting a routine physical exam or preventive screening like a mammogram, colonoscopy, well-woman exam or another recommended preventive screening test or exam from a doctor

The points employees earn through the program can then be redeemed for merchandise through the online employee recognition system.

Getting a second opinion to confirm a diagnosis that is serious or impacts your quality of life is always a good idea. It's why we launched the MyConsult program in 2012. With just a click of the mouse colleagues can access Cleveland Clinic's physician specialists at no cost to them. The service can offer diagnoses on more than 1,200 diseases and conditions. At the employee's request, a physician staffing the service examines a colleague's medical records and diagnostic information and sends them a comprehensive online report they can then discuss with their local doctor.

This year, information about CVS Caremark's health and wellness programs was also made available to all employees online.



Going Tobacco-Free

Approximately 500 employees registered in 2012 for the company's tobacco cessation program, with more than 80 people having confirmed they had quit. Based on emerging enrollment data, it is expected the cessation program will surpass 2,000 enrollees by the summer of 2013.

In addition to the success of the cessation program, CVS Caremark hit a critical milestone in August 2012, when the company's headquarters in Woonsocket, RI became a completely tobacco-free campus. Signs announcing the change were placed outside of every corporate building and tobacco use is no longer permitted, even outdoors, while on corporate property. All remaining corporate offices went tobacco-free in March 2013.

Seeking Colleague Feedback

Perhaps one of the most innovative things we can do for our colleagues is simply listen to them. They know our business, they have deep and lasting relationships with our customers and they are without question the primary driver of our company's success. This is why we invest an enormous amount of time and effort in internal communication programs that not only broadcast company news to employees, but seek to engage employees as well. Whether it's a raised hand in front of our CEO at any one of several town hall meetings each year, or a comment posted beneath an article on our intranet portal, we believe in fostering interaction, dialogue and a diversity of opinion, which is key to our ability to adapt in ever-changing business landscapes.

And while we also encouraged feedback at all of the major internal business meetings held all over the country in 2012, we continued to methodically gather colleague opinion in the form of our yearly Colleague Engagement Survey, too. The results of the survey are extremely meaningful, given higher levels of engagement are associated with increased productivity, higher retention rates and a better customer experience. We use the survey results to understand what colleagues value most in the workplace, to identify opportunities for improvement and to track our progress over time.

Colleagues shared their feedback by submitting open-ended comment responses to the question, "Please tell us what it is like to work at this company." Comments received nearly doubled from 2011 to 2012, totaling approximately 23,000. Overall participation in the survey was an

impressive 92 percent and engagement results improved for the company across all three of its major divisions.

The percentages of those who agreed with certain key statements in the 2012 survey are below:

- I really care about the future of CVS Caremark: 85 percent
- I would highly recommend CVS Caremark to a friend seeking employment: 74 percent
- I am always willing to give extra effort to help CVS Caremark succeed: 89 percent
- It would take a lot to get me to leave CVS Caremark: 72 percent
- I would like to be working at CVS Caremark one year from now: 79 percent
- Compared with other companies I know about, I think CVS Caremark is a great place to work: 73 percent

Colleagues are Valued, Empowered and Recognized

At CVS Caremark, hard work and a commitment to our purpose of helping people on their path to better health is rewarded and celebrated. Several award programs have earned acclaim and credibility over the years with our colleagues, and we continue to make them a primary part of our overall recognition initiative.

Paragon Awards

Our best and brightest are awarded every year with the CVS Caremark Paragon Award. It is the ultimate honor an employee of our company can achieve and is bestowed upon colleagues who have an extraordinary impact on their work or in their community. There were nine Paragon winners in 2012 – two from our PBM division, six from our retail store operations and one from MinuteClinic. In addition to the nine national recipients, 16 others were awarded with a prestigious Area level Paragon Award. Additionally, 700 retail Region and District winners received awards. In all, our nearly 800 Paragon winners represented the top one percent of those eligible in 2012.

CEO Awards

There were 11 CEO Awards given to deserving colleagues in 2012. This award, which is presented to our colleagues who work in a corporate setting, is achieved by those who have led major initiatives, championed teamwork, generated innovative ideas, increased revenue or shown leadership around our core values. The process of selecting CEO Award winners is stringent and is usually a joint decision made by the employee's supervisor, management team and the CEO.

Values in Action

In April 2012 we launched the Values in Action program, an online rewards system through which colleagues can recognize each other and leaders can spotlight any colleague across the company and grant them points redeemable for merchandise, travel, vouchers, gift cards or charitable donations.

To say the least, the program has been a resounding success. In 2012, employees sent one another more than 725,000

Thanks to You!

messages; 500,000 point-granting awards were also sent and received. In all, over \$3 million worth of points were awarded to colleagues across all business units.

The new intranet-based system has a dedicated Values in



Action home page that displays a real-time newsfeed of the thousands of recognition posts and provides visibility to all the great things CVS Caremark colleagues do. Additionally, it contains a leader board that prominently displays the names of the top recognized colleagues and the top recognizers.

Values in Action Breakthrough Awards

The Values in Action Breakthrough Awards celebrate colleagues whose ideas, actions and behaviors have led to a breakthrough. The winners of this award exemplify our company values of innovation, collaboration, caring, integrity and accountability. Anyone may nominate another colleague for a Breakthrough Award. In what is perhaps a result of our company's renewed focus on pharmacy innovation, 250 more Breakthrough Awards were given in 2012 than in 2011, bringing the number of awardees to 300 for the year. The awards are usually presented at department or town hall meetings, which are broadcast company-wide and attended by all colleagues.



Opportunities for Career Growth

Training is a valued part of our corporate culture. It's made available to all of our employees, no matter what kind of position they currently hold. There are more than 50 development and training programs across the company, which not only afford our colleagues with career advancement opportunities, but also provide the company with a workforce that is constantly evolving and keeping pace with technology and business trends.

Our corporate culture also encourages managers and supervisors to help colleagues take advantage of these training opportunities as part of the company's normal course of business. In 2012, our colleagues each completed an average of 5.5 hours of training.

Emerging Leaders Program

For over a decade, our Emerging Leaders Program has prepared exemplary store managers, pharmacists, pharmacy supervisors and other field managers for potential promotion within the company. Those selected for the program develop their management and leadership skills by attending sessions that focus on taking core competencies to the next level. On-the-job experience is also emphasized as an important way of developing as a leader. Career coaches mentor participants and provide them with important advice and guidance. The majority of colleagues who are advanced to field management positions benefitted from the Emerging Leaders Program. In 2012, 217 high-performing colleagues joined 135 of their peers already in the program.

Leaders of Tomorrow Programs

In its second year, the Retail Leaders of Tomorrow program is dedicated to the professional growth of 25 select managers and directors annually in the retail business. Hand-picked by senior leaders, these individuals demonstrate a high level of performance and the desire and potential for a career in retail. Guided by members of the retail leadership team, mentoring sessions present enrollees with business challenges and individualized coaching experiences.

In 2012, we also launched the PBM Leaders of Tomorrow program, dedicated to the growth of high-potential managers and directors in the PBM business. The program opened with 30 participants.

Leadership Forum

Begun in 2009, our Leadership Forum helps us cultivate future CVS Caremark leaders by providing them with a fully integrated view of health care. As of 2012, 53 individuals had been chosen for spots in one of the two 24-month training cohorts. These individuals were recognized for their abilities to champion our culture, to employ strategic thinking in our various lines of business and to develop and grow connections across the company that can drive optimal results for our customers, patients, clients and plan members.

Foundations for Leading and Learning

A new course was launched in 2012 to help new supervisors understand best practices for managing others. The curriculum, which is three days long, is offered every month at our Rhode Island headquarters and at our other corporate hub offices.

Hiring Our Heroes



CVS Caremark President and CEO Larry was joined by Brigadier General Charles Petrarca, the Assistant Adjutant General of the Rhode Island National Guard; James Rebholz, National Chairman of the Employer Support of the Guard and Reserve; Mike Ritz, Chairman of the Rhode Island branch of the Employer Support of the Guard and Reserve; and Kevin Schmiegel, Executive Director of Hiring Our Heroes and Vice President of the U.S. Chamber of Commerce.

In 2012, the company actively supported the Hiring Our Heroes (HOH) program, the U.S. Chamber of Commerce Foundation's nationwide initiative to help veterans and military spouses find employment. Throughout the year, as one of only nine Chairman's Level national sponsors of the initiative, CVS Caremark participated in 38 HOH job fair events around the country.

The planning of an HOH job fair in our home state of Rhode Island began in the fall of 2012 and culminated in an event at the state's National Guard Armory in early 2013. Attended by our CEO, Larry J. Merlo, the job fair was held to help veterans, active military members and their spouses find meaningful employment opportunities at CVS Caremark.

Kicking-off the job fair, Merlo signed the Employer Support of the Guard and Reserve's (ESGR) Statement of Support. By signing the pledge, CVS Caremark made a commitment to support the nation's veterans and active military members.

Currently, veterans and military members work in a number of positions across CVS Caremark. Merlo pointed to colleagues Wade Chmielinski and Alyce Pagliarini, who were both recognized at the event, as examples. Chmielinski, who is a Director of Information Security for the company, is also a Major in the Rhode Island Air National Guard and served in operations Desert Shield and Combined Endeavor. Pagliarini, who also works in Information Security, is a C-130 pilot who flew missions supporting operation Iraqi Freedom. Merlo told attendees CVS Caremark appreciates the unique values and skills service members like Chmielinski and Pagliarini bring to the workforce.

In 2012 the U.S. Chamber also chose to honor a CVS Caremark colleague, Milton Thornton, who was invited to their annual awards ceremony. Thornton spent four years as a Ship's Serviceman in the United States Navy, serving his time aboard the USS Abraham Lincoln and at the naval base in Everett, WA. When he returned to civilian life, finding a meaningful job proved to be more difficult than the Louisiana

native had imagined. But thanks to CVS Caremark's partnership with HOH, his experience working in the ship's store proved to be the perfect fit for a cashier position at a CVS/pharmacy in Chicago.

CVS Caremark is one of the first companies nationally to pilot a Military Occupational Code (MOC) translator online to assist veterans with matching up their military skills with civilian jobs. A special HR team will also be going through training in 2013 to learn how to assess and translate military skill sets into civilian qualifications and to train hiring managers to be effective in this area. Additionally, we post our open jobs at more than 16 military installations in the U.S. and abroad.

In other initiatives in support of the military, on Veterans Day 2012, we announced we're a participating vendor in the Veterans Advantage program through which military veterans and their families can get a 10 percent discount on CVS.com orders. In support of the AMVETS Task Force DVD program, we also expanded our collection efforts of DVDs for service members to various parts of our company. The program sends new and used DVDs to our troops and we have been praised by AMVETS for how many DVDs we have collected in support of this initiative.

We also donated \$3 to the United Service Organizations (USO) for every flu shot we administered during Veterans Day week, up to \$100,000. And we are updating and upgrading our ability to verify employee veteran status in order to have the most accurate picture of our veteran, Guard and Reserve workforce.

Lastly, Valor, our company's Colleague Resource Group for active duty guard and reserve and veterans, is gaining momentum. We now have chapters at our Rhode Island headquarters and our Northbrook, Irving and Scottsdale corporate offices. For more on Colleague Resource Groups, see p. 29.



Partnering with Communities to Create Job Opportunities

The CVS Caremark Pathways to Pharmacy program has a successful history of introducing tens of thousands of young people to careers in pharmacy. The program resulted in more than 63 successful partnerships with nonprofit and government organizations in 2012. These partnerships brought attention to the issue of youth employment and created job opportunities across much of the CVS/pharmacy footprint.

CVS Caremark is also a participant in the U.S. Department of Labor and President Obama's Summer Jobs+ initiative, a call to action for businesses, nonprofits and government to work together to provide pathways to employment for low-income and disconnected youth. In early 2012, our President and CEO, Larry J. Merlo, joined other business leaders at the White House to officially pledge our commitment to the program. At that meeting, we promised to hire 20,000 young people in 2012. At the program's conclusion, we had surpassed that goal, providing 27,000 young people with job opportunities, including part-time and full-time positions such as pharmacy service associates, pharmacy technicians, cashiers and interns working in a variety of corporate functions.

In March 2012, Merlo also attended the Building a Grad Nation Summit in Washington, DC. The event, hosted by America's Promise, Alliance for Excellent Education, Civic Enterprises and the Everyone Graduates Center, brought together nearly 1,000 leaders in education, politics, business, media, nonprofit and research from across the country to discuss progress and challenges in ending the high school dropout crisis. The event included the release of new national and state data on graduation rates. Merlo joined other business leaders and educators on a panel at the summit to discuss how we can work together to improve education outcomes for youth.

In operation for several years, our Regional Learning Centers (RLCs) are at the center of a successful training model. Several of these innovative facilities are fully operational mock-ups of CVS/pharmacy stores, allowing our colleagues and community partners to receive instructor-led training in a "real-world" environment. The program supported the training and development of nearly 10,000 retail colleagues in 2012. The RLCs – located in Massachusetts, Washington, DC, Ohio, Michigan

and New York – are also used by organizations we partner with to provide job-seekers with valuable pre-employment skills and potential job opportunities. In fact, in 2012, we hired 468 new colleagues as a result of these training partnerships.

In 2012, we opened a new RLC in New York City. Between CVS Caremark and its partners who share the facility, 2,814 people received training there in 2012 and 138 of them were hired for positions at CVS Caremark. The second phase of construction for the New York RLC is scheduled to begin in the late spring of 2013, with the completion of a mock store and the official grand opening expected in the summer.

Since 1996, we have hired more than 80,000 people through the Welfare to Work program, all of whom had been on public assistance prior to joining our workforce. In 2012 alone, more than 4,500 people were hired through this program. We are proud to have a high rate of retention of these colleagues that is approximately double the rate of the average new retail colleague.

Mature Workers

In 2012 we continued to support our Mature Workers program, Talent is Ageless, an initiative designed to recruit and retain colleagues who are age 50 or older. Over the past two decades, CVS Caremark has actively increased the number of colleagues who are 50 or older through our mature worker programs and partnerships with organizations such as the American Society on Aging (ASA), Experience Works, AARP, National Council on Aging, Senior Community Service Employment Program and others.



Aside from our yearly sponsorship of the ASA's *Aging in America Conference*, in 2012 we also continued to identify partnerships with organizations that can provide CVS Caremark with the opportunity to recruit qualified – and diverse – mature workers into positions within our company.

We also began developing senior initiatives with a Washington, DC faith-based organization and the National Caucus and Center on Black Aged (NCBA). Also in the DC area, we developed a partnership in 2012 with a Senior Service America's grantee, Jewish Council on Aging in Montgomery County, MD, to recruit mature workers to work in CVS/pharmacy locations.

Today, colleagues over the age of 50 represent approximately 19 percent of our workforce. Some of our mature workers have been with the company for years, with many completing their 40th, 50th and even 60th year of service. Others have joined the company as a second career – sometimes choosing to work just part-time.

Workplace Policies

As an employer, we maintain a set of policies designed to ensure CVS Caremark workplaces are welcoming, inclusive and productive places where all colleagues feel safe and empowered to contribute to our purpose. Our anti-harassment, anti-discrimination and other policies are embedded in our Code of Conduct, which all colleagues receive and acknowledge when joining the company.

Approximately six percent of CVS Caremark colleagues are represented by unions and the right to organize is embedded in our company policies. We enjoy excellent, professional and productive relationships with our union colleagues and their representatives; and we recognize the right of our employees to decide whether or not to join a union.

In January 2013, CVS Caremark and United Food and Commercial Workers Union (UFCW) announced a five-year Cooperation Agreement giving CVS/pharmacy employees at approximately 500 stores in the metropolitan Los Angeles, San Francisco and San Diego areas the opportunity to vote on whether or not they want to be represented by the union.

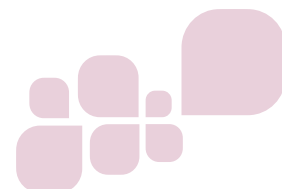
Health and Safety

Providing a safe workplace for our colleagues is an integral part of the way we do business. CVS Caremark takes the safety of our colleagues very seriously, knowing a workplace with sound health and safety practices leads to a safe work environment.

Our safety program continues to evolve. In 2012, our CVS Caremark Safety Department focused on the implementation of the CVS Stockroom Standards program, which is designed to raise awareness of safety practices in our retail stockrooms. The Safety Department also focused on ladder safety and the prevention of injuries related to ladders in our stores. The department also launched initiatives in 2012 designed to enhance our programs related to ergonomics, workplace violence, food handling and driver safety. These initiatives are all slated to continue in 2013.

In addition, the Safety Department provides regular outreach and training to field managers in the form of pamphlets and team meetings and one-on-one guidance to store managers. As a consequence, employee injuries have consistently dropped year over year. This is due to training that places an increased focus on safety, and also an increased awareness of the safety program. There were no employee workplace fatalities in 2012.

In 2012, the Safety Department continued to use information from store assessments to train field leadership on the best safety practices and to develop programs and employee trainings to address new findings. They also utilized methods to track safety performance in the retail environment.





integrity
collaboration
caring
innovation
accountability

A Commitment to Diversity

Today's marketplace is comprised of consumers of all ages from unique backgrounds that span an array of cultures. That's why it is vital for businesses to have a workforce that reflects the marketplaces they serve and the demographics of their communities. As a pharmacy innovation company, CVS Caremark has a business imperative to cultivate a workforce that fosters creativity and inclusion through a process of creating and sustaining an environment that naturally enables all members to fully contribute in pursuit of organizational objectives. And we rely on the collective mixture of our colleagues to spur that innovation.

At CVS Caremark, we pride ourselves on having a workforce as diverse as our patients, customers and communities and providing an environment that empowers all colleagues,

regardless of their differences. To get there, we leverage numerous initiatives and programs such as employee training and development programs, Colleague Resource Groups, multicultural products and services, and an evolving supplier diversity program.

Leadership in Diversity

CVS Caremark's commitment to diversity starts from the top down. Selected by President and CEO Larry Merlo, our Diversity Management Leadership Council (DMLC) was actively engaged in a number of activities in 2012. Comprised of 17 members and two advisors, the Council provides leadership direction for enterprise strategic diversity management across the company and reviews progress made toward

Our Colleague Resource Groups (CRGs) are one of the many ways CVS Caremark supports and celebrates diversity among our colleagues.



goals for workforce representation, colleague engagement, talent development and marketplace diversity. The Council is responsible for incorporating strategic diversity management into the business agenda; serving as a visible and verbal champion of the company's diversity management strategy; and utilizing diversity management as a course of business.

In addition to the Council, Area Diversity Leadership Teams (ADLTs) have been established in all retail areas, as well as in the Logistics and Information Systems departments. Each ADLT has 10 to 15 members and is charged with increasing overall engagement, diversity awareness and community outreach. In our PBM business, a Strategic Diversity Management Oversight Committee, made up of 12 members and sponsored by leaders of the DMLC, has been established to oversee a detailed Strategic Diversity Management Integration Plan that is being cascaded down into the various PBM business units and facilities.

Diversity Among Colleagues

At CVS Caremark, our diverse workforce of 200,000 people is a reflection of the many different communities we serve. And we continuously work to implement programs that celebrate the differences of our colleagues and ensure their success.

Colleague Resource Groups

Our Colleague Resource Groups (CRGs) are one of the many ways CVS Caremark supports and celebrates diversity among our colleagues. CRGs are networks that give colleagues the opportunity to share or support a particular ethnicity, culture or perspective. Colleagues who want to form CRGs are sponsored by the company and encouraged to represent CVS Caremark within the community.

The number of CRGs continued to grow in 2012 and, by the end of the year, nearly 1,100 colleagues were members of at least one group across the 11 national CRGs and 27 regional chapters. Currently, there are CRGs for colleagues from various backgrounds, cultures and ethnicities, and even some colleagues who choose to participate in blended CRGs. They include Asian, African American, African American-Hispanic, Latino, Portuguese-Latino, women, veterans, LGBT, health and wellness and those with differing abilities. Plans are in place to form CRGs for Working Families and Millennials in 2013.

All formal CRGs are required to submit an annual business plan to receive financial support from the company. In addition to discussing company issues and opportunities, CRGs are encouraged to be active in their communities. In 2012, CRG members contributed about 2,500 volunteer hours to community initiatives.

The Women's Success Network, one of our most active CRGs, completed a pilot mentoring program in 2012. Sponsored in partnership with the company's senior leaders and Human Resources Department, the program paired 27 mentors with mentees and offered orientation, guides, speakers, monthly communication and evaluations. Participants gave the program positive reviews and noted that it helped them build their networks and understand our business better. Following the pilot's success, a web-based tool will be launched in 2013 that will further facilitate the mentoring process.

Also in 2012, the Portuguese-Latino and Latino CRGs participated in a focus group for an internal study on MinuteClinic services delivered in Hispanic communities. The study results are being used to evaluate opportunities to best serve Hispanic patients at MinuteClinic.



Diversity Training

Joining a CRG is just one way colleagues can become more informed about how CVS Caremark embraces diversity. Employees are first introduced to our diversity management strategy during the orientation process. We also offer a variety of diversity-focused training programs to colleagues throughout the year.

Our “Diversity – the Competitive Advantage” curriculum includes a two-part web-based seminar. In 2012, 752 managers and supervisors and 369 directors participated in the program, an increase in overall participation as compared to 2011. The training gives participants the tools they need to meet and exceed their personal and professional goals in the area of diversity management. A pilot diversity training program for non-manager colleagues launched in late 2012. After reviewing pilot participant feedback, plans are in place to expand the program to all colleagues in 2013.



Extending Diversity to the Communities We Serve

In addition to our commitment to diversity within our workplace, we are working to foster diversity in the communities we serve. Through our own initiatives and by partnering with organizations that provide support and services to people of diverse

backgrounds, we are helping to embrace people of all backgrounds, cultures and walks of life.

Community Partners

In 2012, CVS Caremark teamed up with a number of partners who work with and support individuals and families in multicultural communities. While our efforts extended nationwide, we focused support in several markets that have large diverse populations, including Chicago, Detroit,

Los Angeles and Houston. In Chicago, we partnered with the Chicago Foundation for Women, Universidad Popular, Greater Auburn Gresham Development Corporation and Korean American Community Services. In Detroit, we teamed up with ACCESS Community Services, Detroit Hispanic Development Corporation, Affirmations and Transgender Detroit. In Houston, CVS Caremark collaborated with Neighborhood Centers of Houston, Lesbian Health Initiative, Change Happens!, Houston Hispanic Chamber of Commerce, Houston NAACP and Corpus Christi NAACP. We also provided support to many organizations in the Los Angeles market, including Los Angeles Gay & Lesbian Center, Downtown Women's Center, Los Angeles Urban League, Chinatown Service Center and Filipino American Service Group.

Hispanic Heritage Foundation

In 2012, we continued our partnership with the Hispanic Heritage Foundation (HHF), a national organization that identifies, inspires, prepares and positions Latino leaders in the classroom, community and workforce. Through the Health Care category of the HHF Youth Awards program, CVS Caremark and the HHF recognized 30 high school seniors of Latino descent for their academic achievement, leadership and interest in pursuing a career in health care. The recipients, three from each of the 10 regions across the country, received educational grants from CVS Caremark.

We also played a key role in HHF's Latinos on Fast Track (LOFT) Leadership Forums. CVS Caremark co-sponsored a series of seven regional events on U.S. college campuses for high school, college and post-graduate students interested in pursuing careers in STEM (science, technology, engineering and math). CVS pharmacists and MinuteClinic nurse practitioners participated in interactive panel discussions and spent group and one-on-one time with students at these in-depth events. Students learned about the many STEM career opportunities available with CVS Caremark and the educational requirements needed to pursue them. More than 1,000 students and their parents attended the LOFT STEM Forums in 2012 and plans are underway for more in the future. As a result of these initiatives, a number of students have been hired as pharmacy technicians in our CVS/pharmacy locations or offered internships and mentoring assistance.



Products for All Cultures

Our commitment to diversity is demonstrated in our CVS/pharmacy stores. Whether through our robust assortment of multicultural products, our multi-language signage or our distribution of prescription medication-related information in multiple languages, we are focused on serving the needs of all of our customers, including those from diverse cultures and lifestyles.

In 2012, our CVS/pharmacy stores carried several product lines aimed at serving the needs of multicultural customers. Milani Cosmetics is made for women of all ages, incomes and ethnicities, whatever their skin tone may be. While the exclusive NUANCE Salma Hayek brand is geared to all women, it is particularly popular with Latina customers. Other popular multicultural product lines include Gamesa Cookies, Fabuloso household cleaners, Suavitel fabric softeners, La Costeña grocery items and Ricitos de Oro baby care items.

Plans are in place to expand our selection of multicultural products in 2013 to include imported products from Mexico, Colombia, Thailand and Korea or those made in the United States specifically for consumers with ties to those countries. We will also be increasing the number of culturally relevant seasonal offerings found in our CVS/pharmacy stores by adding seasonal displays connected to important dates and celebrations for our multicultural consumers, such as Dia de los Muertos, Dia de Reyes, Chinese New Year and Moon Festival.

UNCF

CVS Caremark continued to collaborate with UNCF (United Negro College Fund) in 2012. As part of that partnership, CVS/pharmacy provided financial support to UNCF initiatives, including the UNCF Campaign for Emergency Student Aid, which helps thousands of recession-impacted college students at historically black colleges and universities complete their senior year and receive their degrees. The donation from CVS/pharmacy assisted students in paying for tuition, books and dormitory fees and helped to ensure their graduation.

National Urban League

We also support the National Urban League (NUL), a civil rights organization dedicated to economic empowerment. Our company believes in doing what we can to improve the economic health of local communities and creating a more diverse workforce. We have engaged with NUL in multicultural communities to do just that.

In 2012, we collaborated with NUL affiliates on a wide array of programs in 20 markets across the country. For example, in Chicago and Sacramento, we launched the CVS Caremark/Urban League Retail Management Training Program. Recruited by the local Urban League affiliates, highly-qualified African American emerging leaders were selected to participate in a 10-week retail store management internship program aimed at placing them in a leadership position within one of our CVS/pharmacy stores.

In July, we participated in the 2012 National Urban League Conference, which took place in New Orleans and attracted nearly 10,000 people from across the country. We provided free health screenings for blood pressure, body mass index, glucose and cholesterol, and offered beauty consultations with product samples from some of the top multicultural product lines sold at CVS/pharmacy.

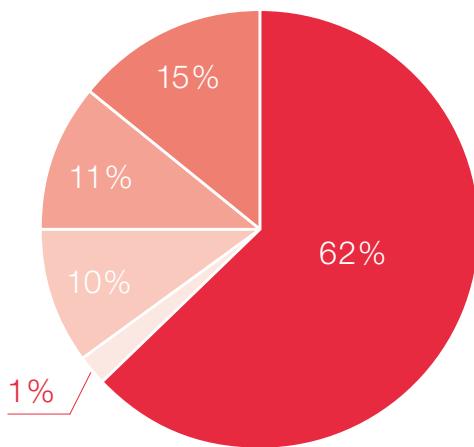


CVS Caremark Workforce

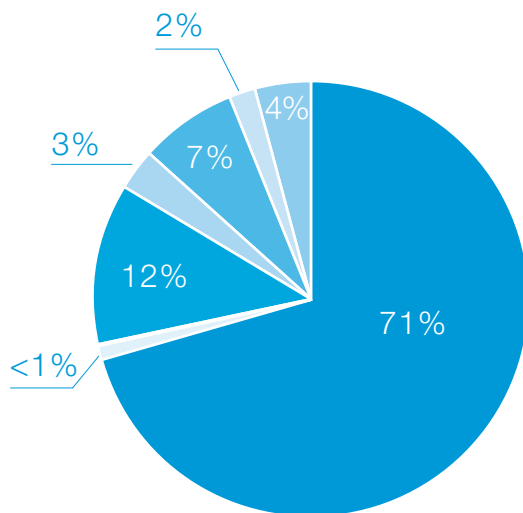
CVS Caremark demonstrates our commitment to diversity through continued progress in diversity management. In 2013, our company was named one of DiversityInc's 25 Noteworthy Companies and one of the Top 10 Companies for Veterans. We were also recognized by other organizations, such as CAREERS & the Disabled Magazine, LatinosForHire.com, LatinaStyle and the U.S. Chamber of Commerce for our diversity-related programs and as an employer of choice for multicultural colleagues.

CVS Caremark Workforce Diversity: 2012 Highlights

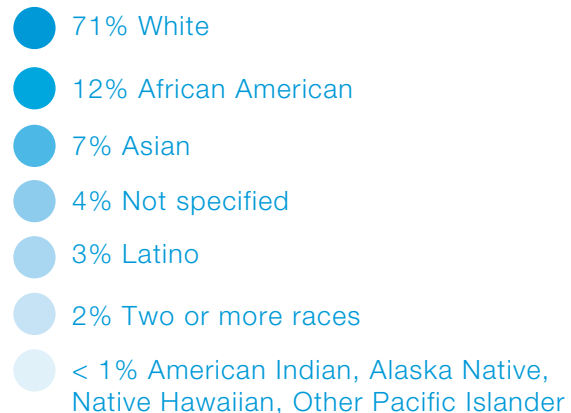
- Women comprised 67 percent of the total workforce at CVS Caremark, 57 percent of managers and 35 percent of senior leaders. Senior leaders include vice presidents and above
- Ethnic minorities comprised 38 percent of CVS Caremark's total workforce, 31 percent of managers and 8 percent of senior leaders
- Ethnic minority (41 percent) and female (64 percent) new hire percentages were on par with or exceeded external best practice benchmarks



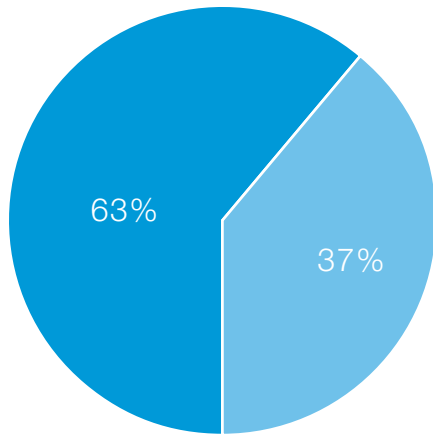
CVS Caremark*
Employee Composition



MinuteClinic*
Employee Composition



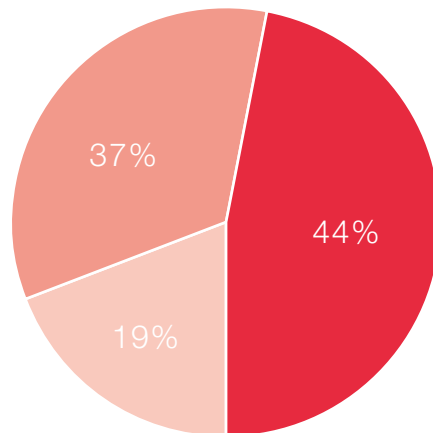
* Includes CVS Caremark permanent employees only, numbering 199,488. CVS Caremark does not engage a significant number of temporary employees. Of the total number of employees, approximately 89.6 percent are engaged by the retail business and 7.9 percent by the pharmacy benefit management business; 2.5 percent are in corporate positions. Additionally, the employees of MinuteClinic and the entities it manages number 2,542. Totals may not add to 100% due to rounding.



CVS Caremark

Employees by Employment Type

- 63% Full-Time
- 37% Part-Time



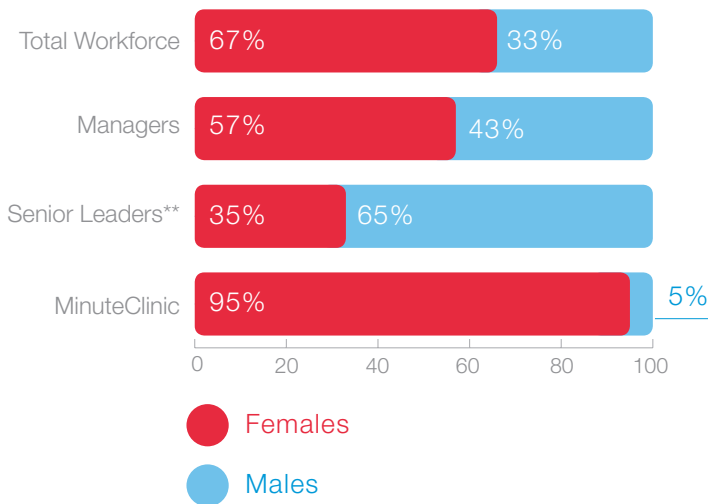
CVS Caremark

Employees by Age Group

- 44% Up to 30
- 37% 30-50
- 19% 50+

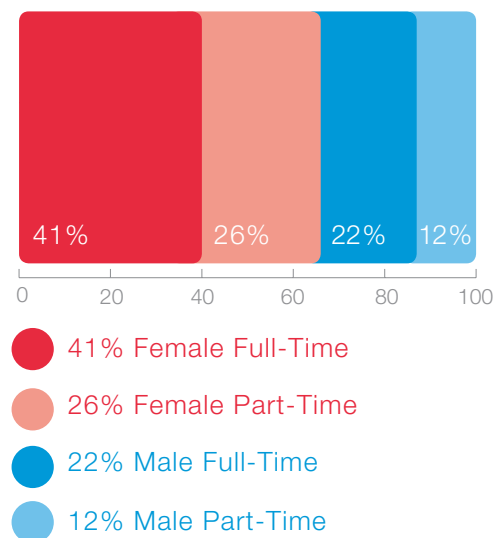
CVS Caremark and MinuteClinic

Employee Composition (by gender)



CVS Caremark*

Employee Composition (by employment type and gender)



** Senior leaders include CEO, CEO direct reports and two levels below. Senior leaders are 92 percent white, 2 percent African American, 3 percent Asian, 2 percent Latino and 1 percent Native American and others.

Supplier Diversity

Our ability to deliver innovative, high-quality health and pharmacy services to our customers is closely linked to our partnerships with diverse suppliers and diverse-owned pharmacies. That's why we strive to reflect the diversity of our customers, clients, communities and constituents. Diversity among our suppliers plays a critical role in ensuring we deliver outstanding service and solutions to our customers and that we remain competitive and innovative.

Supplier Diversity Program

Through our Supplier Diversity Program, we have established a corporate commitment to include diverse suppliers, ensuring all types of businesses are given the opportunity to do business with us. Utilizing diverse suppliers increases the size of our supplier pool, creating increased competition and potentially reducing costs. In addition, effectively managing supplier diversity provides a competitive advantage within the retail and pharmacy benefits management industry, helping us attract and retain clients. A more diverse supplier base contributes to a more resilient supply chain.

In order to qualify for our Supplier Diversity Program, the supplier must meet the definition of a Minority Owned, Woman Owned, Veteran or Disabled Veteran Owned, Disadvantaged Owned, LGBT Owned, HU-Zone Owned, 8(a) Owned Business Enterprise and Small Business Enterprise or be certified by authorizing bodies such as the National Minority Supplier Development Council, Women's Business Enterprise National Council, Small Business Association or a recognized government agency.

In 2012, we spent more than \$140 million within the diverse supply chain and we will continue to include diverse suppliers in future procurement and sourcing opportunities.

Our Supplier Diversity Program consists of two tiers. While Tier I focuses on monitoring our purchases to ensure we have diverse suppliers providing quality goods and services, Tier II takes the program to a new level by monitoring our suppliers to ensure that diverse suppliers are included in their own supply chain. This two-tiered program further demonstrates that CVS Caremark

is not only committed to the use of diverse suppliers in our own organization, but also to doing business with suppliers who are committed to diversity in their own supply chains.

The Tier II program continued to grow and evolve in 2012. In fact, participation in Tier II grew by 50 percent, thanks in part to our partnerships with current merchandising suppliers and our ongoing outreach to diverse suppliers. One minority supplier outreach effort that worked very well for us in 2012 was a Construction Business Building event held in Atlanta. The half-day event offered diverse suppliers the chance to meet with CVS Caremark purchasing representatives, allowing them to make valuable connections and learn about potential business opportunities over the next 12 to 18 months. The Construction Business Building event was such a success that similar programs are planned for Chicago, Los Angeles and Philadelphia in 2013.

We also continued to gain visibility and identify additional diverse suppliers for the Supplier Diversity Program throughout the year. We sponsored, attended and/or exhibited at over a dozen Supplier Diversity Development Council events and Business Opportunity Fairs, including events held by the following organizations:

- South Florida Minority Supplier Development Council
- Dallas/Fort Worth Minority Supplier Development Council
- Chicago Minority Supplier Development Council
- Keeping the Promise – Disabled Veteran Business Enterprise
- National Gay and Lesbian Chamber of Commerce
- Women's Business Enterprise National Council
- Greater New England Minority Supplier Development Council
- NCMSDC – Northern California Minority Supplier Development Council
- Black Enterprise Entrepreneurs Conference and Expo
- National Urban League
- United States Hispanic Chamber of Commerce
- National Minority Supplier Development Council



Project Health: Reducing Health Disparities in Multicultural Communities

At CVS Caremark, we are committed to improving access to health care and helping people on their path to better health. Far too many of the multicultural populations we serve have difficulty making their health a priority, which is why we launched our Project Health initiative (known as Proyecto Salud in Spanish). The program is helping connect residents in multicultural communities to preventive health care.

Known as “A Su Salud” or “To Your Health” in previous years, in 2012 the rebranded program was relaunched in several major U.S. cities, including Atlanta, Chicago, Dallas-Fort Worth, Detroit, Houston, Los Angeles, Miami, New York City, Philadelphia and Washington, DC and in CVS/pharmacy stores in Puerto Rico. Project Health delivered more than \$16 million in free health services in 2012 and offered customers the opportunity to receive free comprehensive health screenings and risk assessments, on-site consultations with bilingual nurse practitioners and CVS pharmacists and referrals to nearby no-cost or low-cost medical facilities if follow-up care was needed.

In 2012, more than 160,000 patients received quick and convenient health screenings and risk assessments through more than a thousand Project Health events, demonstrating the need for these important services. In 2012, Project Health screenings detected that:

- 53 percent of patients had at least one abnormal screening result
- 47 percent of patients had at least one abnormal risk factor for heart disease
- 51 percent of patients were overweight or obese
- 51 percent had risk factors for osteoporosis
- 32 percent had abnormal glucose readings

CVS Caremark is a member of the National Minority Supplier Diversity Council (NMSDC), NMSDC Health Care Industry Group, NMSDC Retail Industry Group, Women’s Business Enterprise National Council, Association for Disabled Veterans Business Enterprises, United States Hispanic Chamber of Commerce, the National Gay and Lesbian Chamber of Commerce and Keeping the Promise. In 2012, we became a member of the Black Enterprise Entrepreneurs.

Our enhanced online portal – www.cvssuppliers.com – has become an essential tool for registering diverse suppliers. The portal allows us to consider diverse suppliers in all not-for-resale sourcing and procurement opportunities and helps facilitate the tracking of Tier I and Tier II spending, supplier certification and capabilities. Numerous improvements were made to the portal, making it easier to access and more intuitive and user-friendly. Also, the Tier II reporting section was expanded to allow suppliers to share their diverse utilization commitment in the secondary supply chain. In 2012, more than 4,000

certified diverse suppliers registered within the online portal. Many of the suppliers who utilize the system appreciate how easy it is to keep their certification and capabilities up to date. Fifteen percent of all not-for-resale sourcing opportunities were awarded to diverse suppliers in 2012.

Diverse Retail Pharmacy Program

A component of the CVS Caremark Supplier Diversity Program that also experienced growth in 2012 is our Diverse Retail Pharmacy Program. The pharmacy program encourages diverse-owned retail pharmacies to become certified diverse business enterprises in order to expand and establish potential business opportunities with CVS Caremark, as well as targeted government programs. Through this program, CVS Caremark actively seeks to establish business relationships with diverse-owned retail pharmacies that want to sustain and grow their businesses. In 2012, more than 20 percent of the pharmacies in our network were identified as diverse-owned businesses.



Social Commitment and Philanthropy

As corporate citizens, companies like CVS Caremark play an important role in the communities they serve by creating jobs, stimulating economic growth, investing in capital projects and addressing societal issues through financial, in-kind and employee volunteer support. Creating and maintaining goodwill is critical for success in all avenues of business.

In 2012, CVS Caremark's commitment to building healthier communities was reflected in how we gave back to our communities and to one another. As a pharmacy innovation company, we further focused our philanthropic programs in the area of health care. Specifically, we supported organizations that increased access to quality health care services, advanced medical research and developed wellness and prevention programs for local communities. We supported local

communities through impactful engagement and contributed more than \$81 million in donations, volunteer hours and gifts-in-kind to support charitable causes that impact the lives of the people we serve every day.

CVS Caremark Charitable Trust

In 2012, the CVS Caremark Charitable Trust, a private foundation created by CVS Caremark, remained at the center of our company's philanthropic giving efforts. The Trust continued to focus on two key areas – increasing access to health care in underserved markets and helping all children be the best they can be through inclusive opportunities for physical activity and play, coordinated health care initiatives and early intervention services. We also strengthened the

In 2012, CVS Caremark's commitment to building healthier communities was reflected in how we gave back to our communities and to one another



Trust's connection of charitable giving to the company's purpose of helping people on their path to better health. The Trust's national grant program awarded 66 grants totaling \$2.6 million in 2012. Of those grants, 18 focused on increasing access to health care, 28 focused on creating inclusive opportunities for physical activity and play, eight focused on coordinating health care services and 12 focused on providing early intervention services.

In 2012, the Trust launched a new three-year \$3 million partnership with the National Association of Community Health Centers (NACHC), a network of community health centers that serve the primary health care needs of more than 20 million patients in over 8,000 locations across the United States. The partnership, "Innovations in Community Health," is aimed at supporting innovative solutions for chronic disease management and aligns with our purpose of helping people on their path to better health. Half of all Americans suffer from one or more chronic diseases, a trend that is expected to continue to rise over the next two decades. Meanwhile, chronic disease accounts for three of every four dollars spent on health care. By funding programs focused on improving management of chronic disease, we are not only helping to improve health outcomes, but also to reduce costs. Through the first year of this new partnership, the Trust gave \$1 million across 21 programs focused on the management of heart disease, diabetes, hypertension and asthma.

In addition, the Trust provided \$100,000 to BrightStars, Rhode Island's quality rating and improvement system, which recognizes and supports quality in child care and early learning programs. The Trust also invested more than \$565,000 in pharmacy school scholarships at several colleges and universities in the U.S.

Volunteer Challenge Grants

Each year, CVS Caremark colleagues volunteer thousands of hours at nonprofit organizations in their communities.

To complement their efforts and amplify the positive impact they are making, the CVS Caremark Charitable Trust offers grants for volunteer service. The Volunteer Challenge Grant program not only helps local nonprofits, but also encourages our colleagues to volunteer at worthwhile organizations. In 2012, CVS Caremark donated \$150,000 to organizations where CVS Caremark colleagues volunteer.

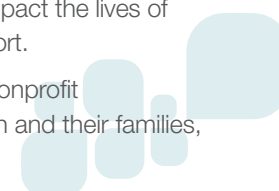
CVS Caremark Employee Scholarships

Education is the key to a successful career and life. That's why we are proud to support young people who are on the path to college. Through the Trust, we are able to offer the children of full-time employees the opportunity to apply for a scholarship that can be used for college expenses. An independent panel of judges reviews applications and chooses students based on academic achievement and other factors, including talent and leadership qualities, extracurricular activities, work experience and community service. In 2012, we funded \$475,000 in scholarships for 152 college-bound children of colleagues.

CVS Caremark All Kids Can®

Children have always been at the heart of our charitable giving efforts and are the focus of the CVS Caremark All Kids Can program. Funded through our company and the CVS Caremark Charitable Trust, All Kids Can supports initiatives that are helping all kids on their path to better health by increasing access to specialized medical and rehabilitation services, supporting early intervention services during the critical years of a child's life and providing opportunities for physical activity. We are proud to be able to make meaningful investments that are making a big difference in the lives of children. In 2012 alone, we were able to impact the lives of nearly 5.8 million people through our support.

Through All Kids Can, we partnered with nonprofit organizations of all sizes that serve children and their families,



including children's hospitals, public schools and regional nonprofits that offer best-in-class programs and services. We collaborated with the top children's hospitals in the country and invested about \$200,000 in new and existing partnerships. We continued our long-standing relationship with Boston Children's Hospital with a \$25,000 donation to support advancements in audiology, teletherapy and other initiatives to help children with disabilities be the best they can be. We launched a new partnership with the world-renowned Children's Hospital of Philadelphia with a \$100,000 investment in rehabilitation equipment that would be used in a pediatric setting for the first time. This innovative approach includes robotic devices to assist with regaining function in the lower and upper extremities, which have been found to be effective in clinical trials for adults and have exciting potential for the pediatric population as well.



We also created a new partnership with Cedars-Sinai to expand the medical center's COACH for Kids and their Families® program to provide health services to vulnerable children in South Los Angeles who otherwise would not have access to health services, including immunizations and dental screenings. Through our \$50,000 grant, the COACH for Kids mobile clinic expanded free health care services to four additional public schools in South Los Angeles.

The All Kids Can online community continued to thrive in 2012. Our All Kids Can website, blog and Facebook page served as a virtual community for many of the individuals and families that we have

helped. Throughout the year, we shared relevant insights and new information from experts on the latest innovations benefitting children and served as a destination for families, teachers and experts. Among other social media events, we hosted a live Facebook chat with Dr. Patricia Wright of Easter Seals on the All Kids Can Facebook page. The chat allowed the All Kids Can Facebook community to ask Dr. Wright questions directly and join a conversation focused on improving the lives of children and young adults with autism. The All Kids Can Facebook page fans grew to nearly 3,000 by year end 2012, an increase of more than 30 percent over 2011.

In the area of increasing opportunities for physical activity for kids of all abilities, CVS Caremark All Kids Can teamed up with the Boston Red Sox on the All Kids Can Batting Camps program. The program, in its eighth year, provides New England children with disabilities the opportunity to attend baseball camps. Participating children from Challenger League, Miracle League and inclusive teams got to spend a day at Fenway Park, receive on-field batting practice, have lunch in the Red Sox dugout, meet Wally the mascot, receive a VIP tour and attend an evening game. In all, 10 All Kids Can Batting Camps were held in 2012. We also held a baseball camp for disabled veterans, creating a similar adult batting program and experience.

For several years, CVS Caremark All Kids Can has also partnered with the New England Patriots to put on a similar skills camp for children of all abilities. This year, in recognition of Veterans Day, we chose to pay homage to nearly 50 disabled veterans from across New England, inviting them to a football skills camp at Gillette Stadium. The CVS Caremark/ New England Patriots Veterans Skills Camp paired Patriots Super Bowl champions with veterans from Rhode Island, Connecticut, Massachusetts and New Hampshire for a day of fun and skills training, including blocking, throwing and kicking stations run by players Patrick Pass, Matt Chatham, Jermaine Wiggins and Steve Nelson.

CVS Caremark All Kids Can National Partners

Easter Seals

CVS Caremark and the CVS Caremark Charitable Trust continued our strong partnership with Easter Seals again in 2012 and our company and



In times of disaster,
CVS Caremark
provides support to
first responders and
community organizations.

colleagues invested more than \$1.7 million to support Easter Seals affiliates across the country. CVS Caremark was the title sponsor of Walk With Me, Easter Seals' national fundraising event that raises millions of dollars each year to help improve the lives of people living with autism and other disabilities. Additionally, colleagues formed teams that participated in 54 Walk With Me events, raising more than \$930,000 for Easter Seals.

The CVS Caremark Charitable Trust also provided support to Easter Seals. Funding from the Trust supported free, online access to the Ages & Stages Questionnaire, a critical tool for monitoring a child's development during the early years of their life, as well as professional development opportunities for Easter Seals therapists in Applied Behavior Analysis so they could continue responding to the growing needs of children nationwide.

VSA

In 2012, CVS Caremark continued its five-year partnership with VSA, an international organization focused on the arts and disability, and an affiliate of The John F. Kennedy Center for the Performing Arts. Once again, CVS Caremark donated \$150,000 to support "Call to ENGAGE," an artist-in-residency program which awarded funds to VSA affiliates in several states, including Arizona, California, Connecticut, Florida, Indiana, Massachusetts, New Jersey, Rhode Island and Texas.

CVS Caremark All Kids Can teamed up with VSA to support the 2012 All Kids Can CREATE student artists program. The annual initiative invites students ages five to 15, to submit artwork to be showcased in a national exhibit in which each state and the District of Columbia are represented. The 2012 All Kids Can CREATE program encouraged young artists with and without disabilities to submit a piece of artwork under the theme, "What Inspires Me." It is the only visual arts program of its kind that raises awareness in schools and in local communities about the importance of inclusion. In all, more than 3,000 students from across the country participated. A panel of art educators selected

102 works of art to be exhibited at the Martin Luther King, Jr. Memorial Library in Washington, DC for the months of August and September.

Disaster Relief

In times of disaster, CVS Caremark provides support to first responders and community organizations. In 2012, the majority of our disaster relief assistance was given to communities hit hard by Hurricane Isaac and Hurricane Sandy.

In late August, the CVS Caremark Charitable Trust and CVS/pharmacy donated more than \$20,000 in total to support communities that were affected by Hurricane Isaac. The CVS Caremark Charitable Trust donated \$15,000 to the American Red Cross to support relief and recovery efforts. CVS/pharmacy provided nearly 1,000 much-needed first aid kits and nearly \$5,000 in additional financial support to Red Cross shelters across Louisiana and Mississippi.

In late October, Hurricane Sandy pounded the East Coast with high winds, heavy rains and rough seas, leaving massive destruction in its wake. Many communities were devastated by the storm. CVS Caremark was deeply connected to these communities through its CVS/pharmacy stores and charitable partnerships and worked to help affected communities recover. In all, we provided more than \$500,000 of financial support and in-kind product donations to communities along the East Coast, particularly in New York and New Jersey. We deployed mobile pharmacies in two areas hardest hit by the storm to ensure the continuity of care for our customers. In Margate City, NJ, CVS/pharmacy brought in a mobile pharmacy so customers in the area could continue to access their medications and supplies. CVS/pharmacy also constructed a mobile pharmacy in Rockaway Beach, Queens, because the neighborhood store located there sustained extreme water damage. The mobile pharmacy allowed customers to continue to receive pharmacy services, as well as much-needed items like food, water and batteries.

With more than 25,000 CVS Caremark colleagues living and working in New York and New Jersey, it was equally important that we provide direct relief to those impacted by the storm. Our Human Resources and Employee Relations teams worked with colleagues in the affected areas to help them apply for grants from the CVS Caremark Employee Relief Fund, a public charity designed to support our colleagues during times of hardship. See p. 41 for more details on this program.

Additionally, relief efforts included establishing a program at nearly 80 of our CVS/pharmacy stores, which waived prescription copayments, deductibles and other financial liability related to prescription medications for patients who could not pay during the aftermath of the storm. By the end of 2012, these CVS/pharmacy stores filled about 2,300 prescriptions under this program, and continued to serve patients in need into 2013. Assistance was also provided to key support organizations including the Red Cross, Direct Relief International, Rebuild Hoboken Relief Fund, Jewish Family Services of Atlantic County and the Siller Tunnels to Towers Foundation in Staten Island.

CVS Caremark Corporate Giving Programs

Free Clinic Partnership

We also looked at developing innovative approaches to providing access to health care for underserved populations in 2012. In our home state of Rhode Island, CVS Caremark launched a one-of-a-kind partnership with the Rhode Island Free Clinic to help the uninsured, working poor get access to the vital medications they need. Through this collaboration, the Clinic's patients can get prescriptions filled at no cost, and can receive quality face-to-face pharmacist counseling at three CVS/pharmacy locations in the Greater Providence area. Through this program, we are filling an average of 15,000 prescriptions per year.

In-store Fundraising Campaigns

In 2012, CVS/pharmacy introduced a new in-store fundraising campaign – Advancing Medical Research – to support medical research and help improve the quality of life for those living with amyotrophic lateral sclerosis (ALS) and cystic fibrosis. ALS is a life-altering diagnosis for patients and the family, friends and community surrounding them. The disease disrupts muscle function while

leaving the brain intact, ultimately causing patients to become “trapped” in their own bodies. Life expectancy for ALS patients can be just four to six years. Cystic fibrosis is a fatal genetic disease that causes debilitating lung infections and premature death, and affects about 30,000 children and adults in the United States. In all, the Advancing Medical Research campaign raised \$5.2 million for the ALS Therapy Alliance (ATA), a leading organization dedicated to advancing ALS research, and the Cystic Fibrosis Foundation, the world's leader in the search for a cure for cystic fibrosis.

Later in the year, CVS/pharmacy launched its annual in-store fundraiser to support the St. Jude Children's Research Hospital Thanks and Giving campaign, a unique holiday program that raises awareness and funds for the pioneering research and exceptional care provided at St. Jude. Since the campaign's inception nine years ago, CVS/pharmacy and its customers have raised more than \$40 million to support the lifesaving mission of St. Jude. Funds raised by CVS/pharmacy for the St. Jude Thanks and Giving campaign supported the CVS Caremark Rehabilitation Services Center at St. Jude. Children with terminal diseases like cancer may experience developmental, cognitive or physical impairments as a result of their illnesses, as well as the treatments used to save their lives. The facility in Memphis, Tennessee, which opened in 2009, doubled the space dedicated to providing audiology, occupational therapy, physical therapy and speech-language pathology services to St. Jude patients to help them overcome the barriers they face in recovery.

Volunteerism

At CVS Caremark, our more than 200,000 colleagues have a direct role in helping our patients and customers on their path to better health. Our employees embody this purpose both professionally and personally through their volunteer efforts. In 2012, our employees donated more than \$1 million worth of volunteer hours to numerous charitable organizations across the country. To support local communities in 2012, colleagues assembled 10,000 care packages for the USO to send to troops stationed abroad; participated in community service projects to support a number of causes; built two play spaces with Boundless Playgrounds; and biked hundreds of miles to benefit Best Buddies.

To support this commitment to our communities, we continued to build upon our CVS Caremark

Community Crew volunteer and employee giving portal, which makes it easy to track individual and team community impact and allows colleagues to enroll in payroll deductions to support nonprofit organizations of their choice. The portal, combined with our Values in Action program, awarded more than 1,000,000 Values in Action points to colleagues for their volunteerism in the second half of the year. For more on Values in Action, see p. 23.

Employee Relief Fund

While CVS Caremark is committed to supporting the communities in which we live and work, we are also focused on supporting our own colleagues in times of need. In 2012, we continued to expand and enhance the CVS Caremark Employee Relief Fund. Funded through employee contributions and annual donations from CVS Caremark, the Employee Relief Fund provides short-term, immediate financial relief to employees who have suffered significant hardship as a result of a natural disaster, family death, medical emergency or other unforeseen event. In 2012, the Employee Relief Fund provided more than 120 grants to support colleagues throughout the year. A number of these grants were provided to colleagues in times of disaster, including following Hurricane Isaac and Hurricane Sandy.

Charitable Events

Each year, CVS Caremark sponsors two high-profile events – the CVS Caremark Charity Classic and the CVS Caremark Downtown 5K – in our home state of Rhode Island. Both events draw attention to and raise funds for nonprofit organizations that support children, families, education and wellness.

CVS Caremark Charity Classic

The CVS Caremark Charity Classic continues to be the largest charitable sporting event in New England and hosts some of the best PGA and LPGA golfers in the world. More than \$16 million has been donated to worthy nonprofit organizations that offer programs serving children, families and people in need since the tournament began in 1999.

In 2012, the tournament, held in Barrington, Rhode Island, generated nearly \$1.2 million for 77 local charities in Southern New England, touching the lives of people of all ages, backgrounds and abilities. From helping Crossroads Rhode Island, which provides basic emergency needs, shelter and housing for homeless families and individuals; to assisting Bradley Children's Hospital in providing a range of family-focused, high quality mental health care services to infants, children and young adults with emotional disorders and/or developmental disabilities; to supporting Our Sisters' School in New Bedford, MA. in offering a quality education to girls from challenging financial backgrounds; the Charity Classic provided significant funding to target critical needs within the community.

CVS Caremark Downtown 5K

CVS Caremark's Downtown 5K, held in Providence, Rhode Island, raised more than \$63,000 for 48 area nonprofits in 2012. Since the race began 13 years ago, funds totaling \$1.4 million have been awarded to youth-focused nonprofit organizations across Southern New England.

To further promote health, wellness and physical activity, 10 physical education grants of \$500 each were awarded to area schools which had 25 or more students participate either in the youth races or the High School Inspirational 3K. Nearly 10,000 participants and spectators attended the popular event.



LEFT TO RIGHT: CVS Caremark colleagues volunteered for a shoreline cleanup in one of the communities we serve. Children of all abilities were encouraged to participate in the CVS Caremark Downtown 5K Youth Races. CVS/pharmacy donated essential supplies in the wake of Hurricane Isaac and Hurricane Sandy.

A close-up photograph of several large, vibrant green leaves, likely from a tropical plant, filling the top half of the page. The leaves are arranged in a fan-like pattern, with prominent veins visible. The lighting is bright, creating a fresh and natural feel.

integrity
collaboration
caring
innovation
accountability

Innovating for a Healthier Environment

As greenhouse gas (GHG) emissions continue to rise, climate patterns are being affected. This is leading to more extreme weather-related events, such as severe storms, flooding and droughts, around the world and here in the United States. As a whole, the retail industry is the second largest contributor of GHG emissions in the United States. Retailers require large amounts of energy to run their establishments and transport goods through their distribution networks.

CVS Caremark is continually assessing the environmental impacts of our business operations. We have identified areas where we can minimize our footprint: reducing energy use and the corresponding GHG emissions; enhancing our Environmental Management Program; conserving other natural resources; promoting more sustainable products; engaging colleagues, customers and other stakeholders in our efforts;

and continually incorporating the best practices we learn along the way.

Our Environmental and Climate Change Policy Statements

Policy Statements guide our environmental strategy. In 2012, our efforts focused on implementing and operationalizing these policies and expanding our initiatives.

Environmental Policy Statement

The link between human health and the health of our planet is becoming increasingly apparent. As a company helping people on their path to better health, we are committed to operating in a manner that meets or exceeds applicable environmental regulations; reducing our environmental and climate-related impacts; and contributing to the long-term sustainability of our business.

CVS Caremark is continually assessing the environmental impacts of our business operations.



CVS Caremark's enterprise-wide environmental strategy, goals and quantifiable targets are established and overseen by senior-level corporate executives and reviewed by the company's CEO for approval. The process for developing our strategy, goals and targets involves engagement with colleagues from across the enterprise, including our Executive Environmental Management Council, Sustainability Leadership Council, internal Energy Technology Assessment Committee and third-party environmental experts.

We believe that ongoing measurement, assessment and transparency of our environmental initiatives are essential and will lead to improved performance over time. Our approach to disclosure includes issuing an annual Corporate Social Responsibility Report, which is developed using the Global Reporting Initiative (GRI) Framework, and participating in other initiatives, such as the Carbon Disclosure Project (CDP) and the CDP Water Disclosure Project.

Our environmental strategy, goals and targets are focused in the following areas:

- Addressing our enterprise-wide, climate-related impacts through reductions in greenhouse gas emissions
- Building robust compliance programs to meet regulatory requirements applicable to our business operations
- Conserving natural resources by seeking reductions in energy use, water use and solid waste
- Encouraging more recycling throughout our enterprise and the use of recycled materials in the products we purchase and sell
- Minimizing the use of raw materials in our products and packaging
- Seeking feasible alternatives for materials of concern in the development of our products
- Employing LEED and Energy Star standards in the construction of our facilities

To achieve our goals and meet our targets, we collaborate with various internal and external stakeholders. These may include:

- **Employees.** Raising awareness of their opportunities to reduce their environmental impacts both at work and beyond
- **Customers.** Providing products that are better for the environment and offering ways for them to reduce their impacts when they shop at CVS/pharmacy
- **Suppliers.** Collaborating to reduce the environmental footprint of the products we purchase and sell
- **Government.** Monitoring environmental policy and legislation
- **Environmental groups.** Engaging with experts and seeking their counsel on environmental issues, goal setting, measurement and innovative approaches to reducing our footprint

Climate Change Policy Statement

We acknowledge that human action contributes to climate change, and we are committed to fostering a culture of environmental responsibility within our company to reduce our greenhouse gas emissions and subsequent impact on the environment. We have set targets for improving the energy and greenhouse gas efficiency of our operations.

We will achieve these targets and contribute to the long-term sustainability of our business through:

- Routine monitoring and review of potential risks and opportunities related to environmental compliance as well as climate change (physical, regulatory, operational and financial)
- Implementation of energy and greenhouse gas efficiency programs in our operations, including our retail stores, pharmacies, offices, distribution centers and fleet vehicles
- Ongoing communication and engagement with internal and external stakeholders regarding our climate-related performance

Measuring and Reducing Our Greenhouse Gas Emissions

We first reported our carbon footprint in 2008 and have continued to monitor our emissions closely in accordance with the Greenhouse Gas Protocol, published by the World Resources Institute and the World Business Council for Sustainable Development (WBCSD). In 2012, we continued to work with a third-party environmental consultancy to help us evaluate our measurement techniques and progress toward our carbon reduction goal. We also plan to engage a third-party firm to audit and verify the 2012 carbon footprint data we will submit to the Carbon Disclosure Project.

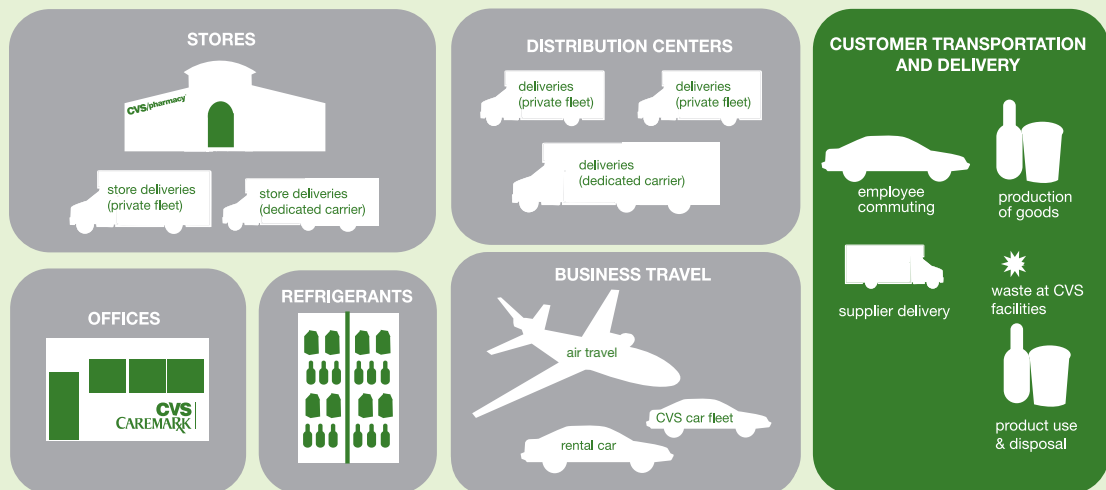
Our stores account for the vast majority of our GHG emissions, so we measure carbon intensity per square foot of retail space. This measurement helps to normalize our emissions so we can more accurately gauge the effectiveness of our GHG reduction initiatives and set meaningful performance targets. In 2012, our absolute emissions reflect a 3.5 percent reduction, in part because of updated eGRID factors, but also because of a continued focus on energy efficiency throughout our operations.

Progress Toward our Carbon Intensity Reduction Goal

In 2012, we continued to make progress toward our goal of reducing carbon intensity by 15 percent by 2018, even as we increased our square footage and added more stores. Our carbon intensity decreased seven percent by 2012, getting us nearly half way to our 15 percent reduction goal. We attribute this progress to our ongoing energy efficiency initiatives and to calibrating our measurements to the updated eGRID factors, which reflect a less carbon-intensive energy mix supplied to the grid for electricity users. We will continue to report our progress annually through participation in the Carbon Disclosure Project (CDP) and through our CSR Report.

Environmental Management Program

In 2011, we established our Environmental Management System, which is referred to as our Environmental Management Program (EMP). The EMP is designed to provide the basic framework for the company to responsibly manage environmental obligations applicable to its operations.



What We Measure

The boundary set for our carbon footprint evaluation is based on available data and industry standards, as defined by the WBCSD. We included the energy used in all CVS/pharmacy stores, distribution centers and corporate offices, as well as emissions from business travel, product deliveries and refrigerants. We did not include customer transportation and delivery.



Ensuring Access to Health Care in the Age of the Super Storm

Climate change is causing unusual and sometimes extreme weather patterns around the world. In fact, climate experts are foreseeing a new era of “super storms” emerging, meaning powerful storms like Hurricane Sandy will become more commonplace.

As a provider of prescription medications and retail health services, we understand that a major disruption in our business can have serious implications for patients who rely on us for prescriptions and other health care needs. Through our Emergency Action Plan, we have evaluated the weather-related risks for our business, including potential impacts of extreme weather on our retail stores, administrative operations, data centers and supply chain partners. The Emergency Action Plan includes preparation and response protocols to ensure we are able to deliver seamless access to medicines, products and services our customers need in the event of severe weather events such as Hurricane Sandy. See pp. 39-40 to learn more about what we do to support our patients and customers during times of natural disaster.

Total Carbon Footprint and Carbon Intensity Measurement

Year	CO2 Equivalents (metric tonnes CO2e)	CO2 Equivalents Intensity per sq. foot of retail space	SQ. FEET of retail space	Year To Year Change	Progress Toward Carbon Intensity Reduction Goal
2010	1,778,000	0.0255 metric tonnes	69.7 million	Intensity remained flat	
2011	1,800,500	0.0251 metric tonnes	71.5 million	Intensity decreased slightly	1% reduction
2012	1,734,000	0.0237 metric tonnes	73.1 million	Intensity decreased slightly	7% reduction

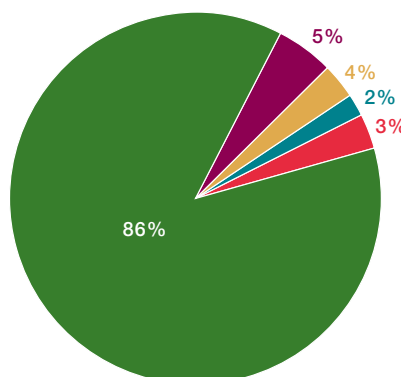
Our Carbon Reduction Goal: Reduce our carbon intensity by 15 percent by 2018, based on 2010 figures

Total Carbon Footprint in
CO2 Equivalent Emissions,
by Type and Per Metric Tonne

2012

1,734,000 tonnes | CO2e

86% | electricity
5% | product deliveries
4% | natural gas
2% | business travel
3% | refrigerants



The EMP is founded on the principles of ISO 14001 and United States Environmental Protection Agency (USEPA) compliance-focused environmental management system guidance. The EMP approach is designed to reduce environmental risk due to non-compliance and provide a systemic method for continuous improvement.

The EMP documents how we identify environmental obligations, assess risk, monitor and track emerging requirements, and build compliance programs. Through the EMP, we systematically review compliance obligations across all business units to develop programs that are scalable and sustainable throughout the enterprise. In 2012, we enhanced elements of the EMP, including introducing our Environmental Compliance Policy, which affirms our commitment to operate in a manner that meets or exceeds environmental laws and regulations.

We published an Environmental Management Manual that provides guidance to our Logistics team on developing and implementing compliance programs to meet environmental obligations. We also launched an internal EMP portal to connect colleagues with key documents and information organized by specific business operations.



CVS Caremark Ranked Among Top 25 Greenest Retailers in 2012

In 2012, we reviewed obligations related to operations at our distribution centers. The review uncovered a need to enhance programs around the Emergency Planning and Community-Right-To-Know Act; Spill Prevention, Control, and Countermeasure Plan; and Stormwater Management. As a result, we improved standards and training to build awareness at the facility level, which informed process improvements for data collection and reporting procedures.

Using Resources Wisely

CVS Caremark is committed to maximizing operational efficiencies and using resources wisely. We focus on reducing the impacts of the largest contributors to our energy use – our store operations, transportation and distribution centers. While we are a relatively small user of water, we recognize the importance of conserving natural resources and take steps to monitor and reduce our overall consumption.

Advancing Energy Efficiency

In 2012, 86 percent of our carbon emissions came from electricity use, our primary energy source. To reduce our carbon footprint, we continued incorporating energy-saving technologies we've adopted for new store construction into existing stores and distribution centers, and enhanced our transportation and distribution processes. In addition, our Energy Technology Assessment Committee (ETAC) works to identify and assess areas across our operations to gain further efficiencies, while lowering costs. We also continue to explore the use of alternative energy solutions in certain locations, although the feasibility of larger scale implementation throughout our enterprise remains uncertain. Specific initiatives we focused on in 2012 include:

- Advancing our energy management systems
- Expanding our lighting retrofit program across stores and distribution centers
- Developing sustainable building prototypes that achieve International Energy Conservation Code (IECC) energy efficiency standards for 2012 (a 15 percent increase from IECC 2009 standards)

- Upgrading to energy-efficient HVAC systems in new and relocated stores
- Installing high-efficiency LED freezers and refrigeration units in retail stores
- Evaluating renewable energy opportunities and water-saving measures
- Optimizing our transportation routes and systems to reduce fuel use
- Working with vendors to share best practices, leading to more efficient use of resources
- Engaging with facility managers to better understand energy-related issues at distribution centers

Expanding our Energy Management System

In 2012, we expanded our energy management system and equipped 3,800 additional stores with digital components to manage energy use. The energy management system is run from a central location that allows us to monitor energy use in each store and automatically adjust lighting, temperature, HVAC and other systems so energy is only used when needed. We plan to have all of our stores connected to the system by the end of 2013.

Energy Usage Performance

In 2012, CVS Caremark's overall electricity usage remained flat despite our growth in number of stores and total square footage. This is likely due to the lighting retrofits and other efficiency initiatives we have implemented in our stores and distribution centers in recent years. Our natural gas, propane and oil usage decreased in 2012, which may be

due to the relatively warmer winter across the U.S. last year. We also saw fuel consumption decrease throughout our fleet due to ongoing route optimization efforts and a reduction in idling times, among other related factors.

Engaging with Vendors

Building on the success of our 2011 Energy Kaizen, we hosted another two-day event in 2012 at our Woonsocket, RI distribution center to raise awareness about energy efficiency. Our logistics engineers collaborated with nine vendors, including National Grid, GE and Stellar, to find opportunities to save energy and reduce costs in our distribution centers. We identified 24 opportunities, including installing light sensors, high-efficiency hot water heaters and new air compressors that use recaptured energy to heat facilities during the winter. Our Woonsocket distribution center is currently piloting 10 of the 24 most promising opportunities.

Pilot projects that came out of a 2011 event in Lumberton, NJ continued to generate returns in 2012. For example, the introduction of high-efficiency battery chargers for our forklifts reduced energy use by 15 percent. We plan to introduce more of these battery chargers in 2013.

Exploring Renewable and Alternative Energy Sources

We incorporate the use of renewable and alternative energies within our operations, where feasible. In 2012, we continued to evaluate opportunities for future use of solar power at select stores and distribution centers.

Total Energy Usage, by Type, for 2010-2012

Year	Electricity	Natural Gas	Propane and Oil	Fuel Consumption
2010	2.8 million MWh*	10 million therms**	760,000 therms***	9.8 million gallons****
2011	2.9 million MWh*	10.1 million therms**	580,000 therms***	10.1 million gallons****
2012	2.9 million MWh*	8 million therms**	490,000 therms***	9.7 million gallons****

*Data represents total electricity consumption (in megawatt hours) at CVS distribution centers, stores and administrative locations.

**Data represents total natural gas consumption at CVS distribution centers, stores and administrative locations. Totals exclude oil and propane usage at exclusively Caremark facilities and facilities with landlord paid utilities.

***Data represents total propane and oil usage at CVS distribution centers, stores and administrative locations. Totals exclude oil and propane usage at exclusively Caremark facilities and facilities with landlord paid utilities.

****Data represents total fuel consumption for deliveries, air and car fleet, employee travel, company-owned and rental cars.

Incorporating LEED Standards into our Facilities

Our design and construction teams incorporate LEED standards when building new stores and facilities. We monitor emerging trends in sustainable design by participating in U.S. Green Building Council (USGBC) LEED training programs and through our representation on the Rhode Island Green Building Council. Our internal Energy Technology Assessment Committee also evaluates energy-efficient technologies to incorporate into new building construction and seeks ways to retrofit existing facilities.

Our First LEED-Platinum Store

In 2012, we began the design of our first LEED Platinum store in West Haven, CT. The store will feature the latest elements in sustainable design, including a charging station for electric cars, zero irrigation and daylighting, which is the use of natural light combined with dim lighting to reduce electricity use. We expect to open the store during fall of 2013.



CVS Caremark LEED-Certified Buildings

LEED-Certified

Retail Store – Epping, NH – 2012
Retail Store – Burtonsville, MD – 2011
Distribution Center – Chemung, NY – 2011
Customer Care Center – Cumberland, RI – 2011
Marketing Support Center – Woonsocket, RI – 2011
Retail Store – La Quinta, CA – 2010

Pending Certification

Retail Store – West Haven, CT
Retail Store – Los Angeles, CA
Retail Store – Carrboro, NC
Retail Store – Fair Lakes, VA
Finance Center – Cumberland, RI
Distribution Center – La Habra, CA
Distribution Center – Kapolei, HI

We plan to install a solar photovoltaic system in our new store in West Haven, CT and pilot a similar system at our Kapolei, HI distribution center in late 2013.

Use of fuel cell technology at our Chemung, NY distribution center, which was piloted in 2011, has reduced the facility's electric consumption by 5.6 percent.

Improving Lighting

In 2012, we continued to retrofit existing buildings across the enterprise with efficient lighting and incorporated energy-saving technologies used in new store construction. We upgraded coolers, exterior signage, drive-through windows and entryway canopies with LED lighting, and our Energy

Technology Assessment Committee is evaluating opportunities to install additional exterior LED retrofits, such as those in our store parking lots.

Several of our distribution centers also received lighting upgrades in 2012. We installed exterior LED lighting in our facilities in North Smithfield, RI and Kapolei, HI. We have also implemented a full installation in our new bulk facility in La Habra, CA. The Kapolei facility now uses one-third of the electricity required by lights typically used, and has reduced light pollution for neighbors who live near our distribution center. In addition, we installed new fluorescent lighting at our Indianapolis distribution center.

We are evaluating the integration of LED exterior and parking lot lighting at new stores and at the

same time continually exploring other lighting efficiency opportunities, including areas to utilize LED lighting in some of the external store signage.

KWH Reductions Per Year

Lighting upgrades implemented in select distribution centers since 2010 have resulted in notable energy savings. For instance, efforts to upgrade our Indianapolis distribution center with fluorescent lights resulted in a 12.4 percent reduction in electricity use in the main building and a 34 percent reduction in an adjacent building on the campus.

Electrical consumption was reduced across our distribution centers in 2012, compared to 2011 usage. Overall usage of electricity in these facilities decreased 3.6 percent, from 122,606,356 kWh in 2011 to 118,187,906 kWh in 2012.

Transporting Products Responsibly

Transporting products from our distribution centers to stores is the second largest contributor to our carbon footprint. Our fleet is comprised of 300 company-owned tractors and 1,500 trailers, and 300 third-party tractors and 800 trailers. We continually seek ways to reduce transportation-related emissions and save on fuel. Some of our efforts include:

- Maintaining a fleet of modern, fuel-efficient vehicles
- Maintaining fuel-efficient speeds on our truck fleet by setting governors at 63 mph – a speed optimized for fuel efficiency – and reducing governors to 55 mph in California
- Incorporating the use of alternative fuel by installing 68 new Dual Fuel systems at several locations
- Installing LED lighting in new trailers to allow drivers to unload at night without idling
- Replacing sleeper units with day cab tractors to increase miles per gallon by approximately 50 percent
- Installing aerodynamic skirts to truck trailers resulting in a .02 increase in miles per gallon
- Piloting electronic tire monitoring devices that alert the driver
- Ensuring proper maintenance of tires and brakes to recognize and repair issues for optimal fuel efficiency
- Leasing two natural gas tractors at our La Habra, CA distribution center to evaluate efficiencies and opportunities to roll out at other facilities
- Implementing GPS units in 200 of our 300 power units, which minimize routes and eliminate the need for printing directions, saving approximately three cases of paper each week per distribution center
- Enforcing a no-idling policy by reviewing OnBoard Computer performance reports
- Optimizing delivery routes and schedules with fuel efficiency in mind
- Optimizing cube space of our trucks to limit unnecessary deliveries
- Promoting fleet and environmental safety through driver awareness initiatives

Given that our trucks drive thousands of miles each week between distribution centers and stores, cube optimization and routing efficiency efforts play an important role in reducing our carbon footprint. In 2012, the average miles per gallon of our fleet improved to 6.55, up from 6.53 in 2011 and 6.46 in 2010, while also saving 107,300 gallons of fuel. Our routing efficiency initiatives have led to the elimination of 2,475 routes, avoiding 702,817 miles of driving. These optimization efforts helped reduce our CO2 emissions by an estimated 3,000 tons. Overall, our outbound delivery cube improved by five percent since 2011.

In 2012, we purchased 30 automatic day cab tractors, which will increase fuel mileage by nearly one mile per gallon over older units once added to our fleet in 2013. We will also install 150 trailer charger systems, which will charge batteries faster and reduce overall idling time. In 2013, we aim to reduce store idle time by 50 percent and total idle time by 15 percent.

Our fleet has been an Environmental Protection Agency's Smartway Carrier Partner since 2010, and has received a Level 1 rating for emission control, the highest score a carrier can receive. In November 2012, we became a Smartway Shipping Partner.

Transportation Efficiencies Achieved in 2012 Through Cube and Routing Optimization

- Improved MPG from 6.53 to 6.55
- Eliminated 2,475 routes
- Saved 107,300 gallons of fuel
- Reduced CO2 emissions by 4,000 tons

Ensuring Fleet Safety

Fleet safety is a top priority at CVS Caremark, given the many miles our drivers travel every day. Our distribution centers host regular road safety trainings and simulations and offer driver incentives including annual safety bonuses and our Driver of the Year award. We have also received numerous industry awards for our history of advancements in fleet safety.

In 2012, all CVS Caremark drivers completed an online training module on Environmentally Safe Trucking. All drivers were also re-certified in Hazmat Training, a hazardous materials training conducted by the U.S. Department of Transportation, and re-certified in the use of fuel spill kits to minimize environmental damage in the event of a fuel tank leak.

Reducing our Water Use

Water scarcity continues to be a critical issue around the world, including in the United States. Although CVS Caremark is a relatively small user of water, we believe conserving water is an issue everyone has a responsibility to address.

In 2012, we continued to report our water footprint through the Carbon Disclosure Project water questionnaire. The vast majority of the water we used was supplied by U.S. municipal water

systems, totaling 7,550 megaliters in 2012, up from 7,200 megaliters in 2011 and 7,350 megaliters in 2010. This slight increase is primarily due to the addition of stores and retail square footage, which went from 69.7 million square feet in 2010 to 73.1 million in 2012.

Our biggest source of water usage continues to be our irrigation systems. Although many communities where we have operations require us to irrigate, we strive to reduce the associated impacts and implement landscaping efficiencies where possible. For example, we plan to pilot zero irrigation at our new retail store in West Haven, CT in 2013. If successful, we hope to expand the process to other locations.

We also seek to decrease water use in our facilities. For example, at our Chemung, NY distribution center we use recaptured rain water for irrigation purposes. And we redesigned the drainage systems at our new La Habra, CA facility to improve overall water efficiency.

Moving forward, we will continue to monitor and conserve our water use, and seek opportunities to further reduce our water footprint. We will continue to report our water footprint data annually through the CDP water questionnaire.

CVS Caremark Water Management Strategy

To drive efficiencies and reduce water usage, we aim to:

- Continuously measure and monitor our water use and savings
- Establish water guidelines around the development of new properties with appropriate landscaping
- Implement water reduction initiatives into LEED and non-LEED buildings

Water Use Intensity Measurement Based on Per Square Foot of Retail Space, for 2010-2012

Year	Total Water Usage (ML)	Sq. Ft. of Retail Space	Normalized Water Usage
2010	7,350 ML	69.7 million	.000105 ML
2011	7,200 ML	71.5 million	.000101 ML
2012	7,550 ML	73.1 million	.000103 ML



Recycling Initiatives

In 2012, we continued to improve our company-wide recycling initiatives in our distribution centers, stores and corporate offices, focusing our efforts on the following:

- Recycling cardboard packaging, corrugate plastic and pallets at every distribution center
- Expanding our in-store recycling initiatives, including a plastic bag recycling program in more than 3,000 locations and expanding plastic bottle recycling to more than 2,000 stores
- Piloting single-stream recycling at our Fredericksburg, VA distribution center
- Piloting a recycling program for employee break rooms in 200 stores across the country
- Engaging with waste haulers to identify single-source recycling
- Using multiple bailers in each distribution center to compress corrugate
- Putting recycling bins in all workspaces and conference rooms
- Ensuring paper and plastic materials are collected and recycled in our onsite cafeterias
- Recycling stretch wrap film and batteries at various facilities

Our overall recycling efforts resulted in 188 tons of plastic stretch film being recycled throughout our stores and distribution centers in 2012, an increase from 182 tons in 2011. Total volume of cardboard recycled in 2012 was 50,209 tons, representing a 5.5 percent increase from 2011.

In 2013, we plan to continue engaging with waste haulers to better understand and improve our waste stream.

Reducing Waste and Improving Recycling

At CVS Caremark, we use various measures to reduce our waste, repurpose materials and recycle throughout our operations and along our supply chain.

Promoting Sustainable Packaging

Calls for sustainable packaging continue to rise. CVS Caremark is committed to adopting more sustainable packaging and working directly with our vendors and suppliers to reduce packaging materials. Through packaging and sustainability summits, awareness initiatives and one-on-one meetings with our vendors, we share preferred sustainable packaging styles to influence the packaging of the products we carry. For instance, we recommend that our suppliers minimize or eliminate the inner packaging for the products they deliver to us, and we encourage suppliers to use recycled materials in their packaging whenever possible.

In collaboration with our vendors and suppliers in 2012, we worked to reduce the packaging and associated waste of products sold in our stores. We addressed issues related to labeling, primary and secondary packaging, and hazardous materials with vendors to advance more sustainable packaging practices.

Managing Hazardous Waste

Improper disposal of hazardous waste can negatively impact individual health and the environment around the world. As a company dedicated to helping people on their path to better health, we recognize our responsibility to dispose of waste properly and maintain a healthy environment.

Improving Our Hazardous Waste Management Program

In recent years, CVS Caremark reached settlements with the State of California and the State of Connecticut regarding storage and disposal of various materials. We have taken steps to bolster our Hazardous Waste Management Program to prevent incidents in the future. For example, we worked with our hazardous waste vendor to establish reporting requirements designed to monitor store performance within the Hazardous Waste Management Program and drive stronger compliance.

We also revised colleague training for proper handling of hazardous materials in our retail stores. The new training is based on level of responsibility in handling hazardous wastes and ranges from basic awareness level training for new store colleagues to specialized training for photo lab and pharmacy colleagues.

Agency Notifications

Federal and state environmental regulations require the responsible management of non-saleable consumer products. In case of a hazardous waste incident, we engage regulatory agencies as quickly as possible to resolve findings. Our efforts include coordinating with colleagues to develop communications to stores; contacting regulators to review program requirements or respond to questions; reinforcing key elements of a program with facility colleagues; and engaging senior field leadership to reinforce compliance requirements. Our retail colleagues report agency visits to our intranet portal and the Environmental Department tracks these notices at the national level.

In 2012, there were no significant spills of hazardous materials at any CVS Caremark location.

Recovering Products After Use

An estimated 200 million pounds of unused medications are improperly disposed of every year. As part of our efforts to manage hazardous waste, CVS Caremark encourages consumers to dispose of unused prescriptions responsibly and recovers prescriptions after use through take-back programs.

In 2011, we partnered with Sharps Compliance to launch TakeAway Environmental Return System™ at our CVS/pharmacy locations, offering customers a way to safely dispose of unused, expired or unwanted drugs in an environmentally friendly manner. The take-back program, which incinerates hazardous waste at a licensed facility, is designed to provide customers with an option to dispose of outdated or unneeded prescriptions to prevent drug misuse and ensure prescriptions do not end up in waterways or landfills.

Promoting Sustainable Products

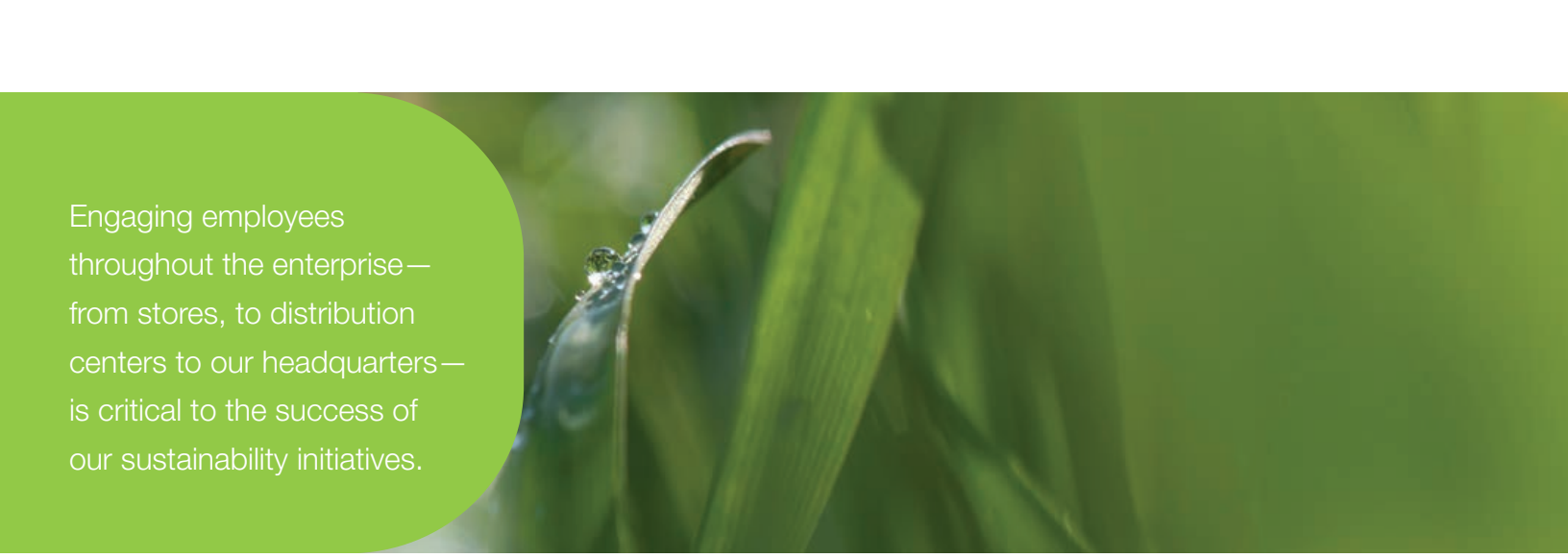
We are committed to expanding our range of natural and environmentally friendly products to meet growing customer demand. This includes natural beauty products that meet the European Union standards for reduced environmental risk and impact, including Avalon® Natural Products, Yes to Carrots®, Dr. Bronners and Weleda. These beauty brands have also signed the Compact for Safe Cosmetics. In 2012, we added 76 new natural products, from sunscreen to facial cleansers. More information can be found in our Cosmetic Safety Policy on p. 17.

In response to the growing demand for practical, green household items, CVS/pharmacy has a line of eco-friendly, innovative and affordable household products called Earth Essentials®. All Earth Essentials products are manufactured using an ecologically-aware process with natural renewable ingredients and are packaged in recyclable bottles. None have been tested on animals.

Engaging Others in Our Efforts

A sustainable future for our planet requires multi-stakeholder collaboration. We continuously engage our colleagues, suppliers and customers to help address our environmental impacts, as well as their own footprints.

Engaging employees throughout the enterprise—from stores, to distribution centers to our headquarters—is critical to the success of our sustainability initiatives. Through training sessions and internal communications, we are raising awareness and educating employees about the importance of sustainability at the company and in their personal lives.



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Our Sustainability Leadership Council (SLC) was instrumental in establishing the company's initial sustainability strategy and setting our carbon reduction goal. From there, we formed other internal committees and task forces to drive the strategy and implement initiatives down through our operations. Today, the Executive Environmental Management Council and Energy Technology Assessment Committee are taking the lead on evolving our strategy and advancing our programs to the next level.

Our Executive Environmental Management Council (EEMC) is comprised of senior-level corporate executives representing all business units of CVS Caremark. The role of the EEMC is to direct the overarching strategy, policy and implementation of the Environmental Management Program (EMP). This Council advises the CEO on the overall performance of the EMP. The Environmental Management team, which includes subject matter experts on a range of sustainability topics, executes the strategies to achieve the EMP's objectives.

Established in 2011, our Energy Technology Assessment Committee (ETAC) is an internal, cross-functional team charged with monitoring emerging technologies and trends

in energy efficiency. ETAC evaluates opportunities for CVS Caremark to pilot these technologies in our facilities, and some of the recommendations are already being implemented. For example, in 2012 ETAC identified an opportunity to pilot a zero irrigation model at our new store in West Haven, CT. Depending on the results, we may expand this model to other retail locations.

In 2012, ETAC created the following sub-committees to expand our efforts around specific topics and engage others to drive the company's environmental strategy.

- Energy Star Standards and LEED Certifications
- Alternative Energy Sources
- Energy Efficiency Projects
- Waste Stream Management
- Resource Conservation

Our Sustainability Committee is a cross-functional team that drives sustainability initiatives throughout the CVS/pharmacy Logistics team. They are focused on initiatives such as recycling and lighting efficiency and evaluating performance indicators and metrics.





Corporate Integrity, Information Governance and Business Practices

Companies are under increasing scrutiny and pressure to ensure that the right business practices, policies and processes, as well as compliance mechanisms, are in place.

CVS Caremark is committed to following the highest ethical standards and complying with all applicable laws and regulations in the conduct of its business. This commitment extends to everyone within the organization and to all interactions with customers, plan members, clients, physicians, vendors and all other business associates. This commitment is supported by a work environment that promotes integrity and accountability through our Code of Conduct, Supplier Ethics Policy, Information Security Program and Ethics Line, among other processes that help prevent,

detect and resolve instances of potential unethical behavior and noncompliance.

Compliance and Integrity Program

CVS Caremark's Compliance and Integrity Program provides a framework for fostering a culture of compliance throughout the company. Key components of the Program include a Code of Conduct; policies and procedures; education and training; a mechanism for employees to report potential unethical behavior or non-compliance; a requirement that employees cooperate in compliance investigations; monitoring and auditing; periodic risk assessments to help identify key legal

and regulatory risks and changes; remedial measures and discipline procedures that promote compliance; compliance and fraud, waste and abuse programs applicable to our Medicare Part D business; a process to implement business changes necessitated by new laws and regulations; appropriate employee background checks and exclusion list screening; and a leadership team that fosters a positive and ethical culture of open communications.

Our Chief Compliance Officer is responsible for the oversight and implementation of the CVS Caremark Compliance and Integrity Program, including the components applicable to our Medicare Part D business. The Chief Compliance Officer reports to the Audit Committee of the Board of Directors and to the company's Chief Executive Officer. As part of the administration of the Program, the Chief Compliance Officer chairs the Corporate Compliance Committee, a cross-functional group comprised of company legal and business leaders who provide expertise, coordination and oversight to assist the Chief Compliance Officer.

Code of Conduct

The CVS Caremark Code of Conduct sets forth the company's expectation of legal and ethical behavior of all employees. The Chief Compliance Officer leads the development of and periodic updates to the Code of Conduct and the Code itself has been approved by the Board of Directors. The Code of Conduct contains topics related to compliance and integrity, privacy and security, professional conduct and corruption, among others. The Code of Conduct is communicated to all employees and is externally available via the CVS Caremark website. The company's corporate policies and procedures are an additional source of guidance to employees.

Compliance Education and Training

Through the CVS Caremark Integrity Training Program, the company underscores its commitment to high ethical standards and to practices that comply with applicable laws, regulations and company policies. The Integrity Training Program is designed to be current and relevant to the business as well as to address the evolving and complex health care and regulatory environment. Training content, which is reviewed and approved by the Compliance Office, is designed to raise employee awareness of current policies through the presentation of real-life work situations that pose ethical dilemmas or may violate aspects of the CVS Caremark Code of Conduct.

The company's policy is to provide all new full-time or part-time employees with appropriate integrity training. New employees must complete training and certify that they have read and understand the Code of Conduct. Annual Code of Conduct training was completed by more than 99 percent of employees in 2012; 2013 annual Code

of Conduct training will be rolled out beginning in May. Ongoing compliance training requirements are based on employee job function and responsibilities, and existing government mandates.

Auditing, Monitoring and Risk Assessment

The company assesses and monitors broad areas of compliance risk across the organization and maintains a compliance auditing and monitoring program to help detect non-adherence to the Code of Conduct, the company's policies and procedures and applicable legal requirements. In addition, the Chief Compliance Officer, in coordination with the Legal Department, conducts periodic assessments to help identify risk and develop a Compliance Audit Work Plan that is approved by the Audit Committee of the Board of Directors.

Ethics Line

CVS Caremark maintains a toll-free Ethics Line 24 hours a day, seven days a week and 365 days a year to receive communications from its employees, vendors and other third parties in connection with alleged unethical or illegal behavior. As an alternative to calling, parties may contact the Ethics Line via mail, email or fax. All communications to the Ethics Line by employees are handled as confidentially as possible. Moreover, the company has a strict non-retaliation policy that protects employees who make good faith reports to the Ethics Line. Aggregate data is reported to the Chief Compliance Officer and an annual report is made to the Audit Committee of the Board of Directors.

Any employee of CVS Caremark also has the ability to raise a compliance issue and seek guidance regarding a potential legal or ethical violation directly from the Chief Compliance Officer and from members of management, Human Resources and the Legal Department.

The Compliance Office is responsible for logging, triaging, following up and tracking reported potential compliance violations to conclusion. This includes coordinating or conducting the actual investigation and associated discipline, if any. The Compliance Office is also responsible for ensuring that appropriate remedial actions are taken.

Response and Prevention

Upon receiving a report of an alleged violation of CVS Caremark's Code of Conduct and/or policies and procedures, the Compliance Office directs a thorough investigation and may request, as appropriate, a review of the alleged violation by legal counsel.

After an investigation has been completed, the Compliance Office, in coordination with the Legal Department, determines whether credible evidence exists of a violation of applicable legal requirements, regulations or any provision of CVS Caremark's Code of Conduct and/or policies and

procedures. When an investigation confirms that misconduct has occurred, corrective actions are initiated promptly. Corrective action may include remedial action to address the specific issue or help prevent similar issues in the future, disciplinary action and additional training.

As appropriate, certain confirmed violations may be reported to outside agencies or authorities. In addition, the Chief Compliance Officer provides the Audit Committee of the Board of Directors with information concerning significant violations or alleged significant violations of the Code of Conduct and applicable policies and procedures.

Information Governance

Corporate Framework

Consistent with the CVS Caremark Values of Integrity and Accountability, the company considers the protection and safeguarding of personal information, including the health and personal information of our customers, plan members and employees, a top priority. The company implements our Information Governance Framework across all business units and operations to incorporate all activities related to the development and implementation of CVS Caremark's privacy and information security programs. These programs work to identify potential risks relevant to privacy and information security and put in place appropriate protections and safeguards to address those identified risks, while at the same time increasing the value of knowledge throughout the company.

Information Security Program

In the past year, the company completed both a review by an independent assessor of our security program and an assessment by a qualified security assessor of our policies and safeguards in connection with cardholder data under the Payment Card Industry Data Security Standard. These reviews, combined with our internal practices, help the company identify potential internal and external risks to the security, confidentiality and integrity of personal information that could result in the unauthorized disclosure, misuse, loss, alteration, destruction, or other compromise of such information. Furthermore, the company created a new position of Chief Technology Officer reporting to the Chief Information Officer. The Chief Information Officer, in coordination with the Chief Privacy Officer,

develops and implements technical controls and measures through our applications, systems and infrastructure to control identified risks and to manage the company's investment in security infrastructure, while at the same time improving the information security architecture and operations, including enhancements for emerging cyber security issues.

Privacy Program

In addition to our information security program, as part of our Information Governance Framework, the company maintains a privacy program to improve and enhance our privacy practices. Internal activities, supplemented with external support and assessment that reviews business processes and operations, help to ensure ongoing awareness of important issues in connection with member and patient privacy. Periodic privacy and security training help ensure appropriate and necessary awareness and education about our privacy and information security programs for all our colleagues. All colleagues must complete core privacy and information security training within thirty days of any employee's date of hire.

The Chief Privacy Officer oversees an investigations and incident response team that not only manages the review and response to any potential privacy incident, but, for any actual incident, uses a protocol that involves processing, tracking, reviewing, making improvements and, when appropriate, retraining or developing a corrective action plan. Our privacy and information security program is continuously improved to incorporate any learnings from internal and external privacy and information security incidents and events to help avoid future similar occurrences. In addition, the company conducts an annual assessment of its retail facilities, using an independent assessor to review a statistically significant sample of stores, to ensure implementation of necessary protections and safeguards.

Vendor Assessment Program

In order to ensure appropriate safeguards and protections for any confidential information, particularly any personally identifiable information, CVS Caremark maintains a Vendor Assessment Program under which each vendor/supplier who collects, uses, stores, shares, processes, transmits or destroys confidential information on behalf of CVS Caremark must undergo an initial and recurring periodic assessment to determine whether or not the vendor/supplier operates in accordance with our Privacy and Information Security Policies and Procedures.

Governance Oversight

CVS Caremark operates oversight committees to enhance many facets of our privacy and information security programs that meet periodically and review and assess relevant information regarding our practices to manage privacy and information security risk. They make recommendations to enhance our existing practices that are then implemented through operational and information services groups. In recognition of the increasing value and use of both new digital interfaces and analytical technologies, governance oversight now includes two new groups to engage key senior leaders in the decision-making process to ensure appropriate protections and safeguards in the implementation of these new interfaces and technologies.

Working with Our Suppliers

Our Commitment to Human Rights

Respect for human rights is expressed in CVS Caremark's Supplier Ethics Policy, which all vendors around the world must adhere to as a condition of doing business with the company. The policy is aligned with the principles outlined by the International Labour Organization (ILO) and the United Nation's Universal Declaration of Human Rights, which prohibits human trafficking and the use of child, forced or imprisoned labor; requires that working conditions are safe and fair; forbids any form of discrimination with regard to age, gender, minority status and/or other protected classes; and upholds the right to freedom of organization, among other essential human rights. We monitor compliance with the Supplier Ethics Policy through risk-based audits conducted by external third parties. Details of our Supplier Ethics Policy are outlined below.

The same international principles that are applied to our Supplier Ethics Policy are also upheld in our workplace policies and practices, and in the CVS Caremark Code of Conduct. We believe every employee is entitled to a safe and healthy work environment that is free from discrimination and harassment, threats or acts of violence or intimidation and where all employees have an equal opportunity to grow and develop their careers and be appropriately compensated for their contributions to the company's success. The company complies with local labor laws regarding employment of youth. The minimum age of employment at CVS Caremark is 16, or older in some instances. More information on our workplace practices are contained in the employee section of this report, beginning on p. 20.

Supplier Ethics Policy

CVS Caremark requires all suppliers to conduct business in accordance with the CVS Caremark Supplier Ethics Policy and other applicable legal and ethical standards. We seek suppliers that share our values as well as our promise to deliver outstanding service. CVS Caremark suppliers are required to adhere to our company's ethical standards, supplier requirements, and business processes, which are published on www.cvssuppliers.com and communicated in our CVS Caremark Supplier Ethics Policy. This policy is overseen by our Chief Compliance Officer and Chief Privacy Officer.

As defined by this policy, suppliers must:

- Prohibit human trafficking and the use of child, forced or imprisoned labor and provide working conditions that are safe and fair
- Forbid any form of discrimination with regard to age, gender, minority status and/or other protected classes; and uphold the right to freedom of organization
- Conduct business in accordance with established legal and ethical standards, including without limitation, the California Transparency in Supply Chains Act
- Workers shall not be required to surrender identity papers, other critical personal documents, or a "deposit" as a condition of employment
- Workers shall not be subject to physical or mental coercion
- Applicable child labor and workplace safety laws and regulations shall be strictly adhered to, and international treaties, compacts and regulations addressing the use of child labor and workplace safety shall be respected and applied in the absence of applicable local law setting minimum standards for the protection of workers. CVS Caremark will support legitimate workplace apprentice programs for young workers, provided such programs are voluntary.
- Workers shall be paid a fair and legal wage under applicable laws and regulations and shall not have wages withheld for coercive purposes.
- Vendors/suppliers are expected to be familiar with and adhere to import requirements of the United States Customs and Border Protection, a component of the Department of Homeland Security, and other United States governmental and/or regulatory agencies, including Customs-Trade Partnership Against Terrorism.

In addition, CVS Caremark requires that vendors/suppliers and their related subcontractors and employees must not appear on the U.S. Department of Health and Human Services or the General Services Administration's Lists of Parties Excluded from Federal Programs.

CVS Caremark also requires full compliance with all applicable anti-corruption laws, including the U.S. Foreign Corrupt Practices Act. Vendors and suppliers may not, directly or indirectly, offer, pay, promise or authorize the payment of any money or thing of value to any government official, including any employee or agent of a government-owned or government-controlled business, for the purpose of influencing any act or decision of such government official, in his official capacity; inducing such government official to do or omit to do any act in violation of the lawful duty of such official; securing any improper advantage; or inducing such government official to use his influence in order to assist in obtaining or retaining business.

Our Code of Conduct also addresses the company's standard of ethics when interacting with suppliers. Employees with direct responsibility for import supply chain management have been trained on mitigating risks within the supply chain of products, including risks associated with human trafficking and slavery.

In order to meet these objectives, the overall intent of the audit-based program is to do business with continually high performing factories. And although CVS Caremark is committed to assisting suppliers in their compliance efforts, suppliers or factories that repeatedly perform poorly within the program jeopardize their business relationship with CVS Caremark.

Global Supplier Audit Programs

CVS Caremark launched an enhanced factory audit program in 2012 to help ensure our direct import suppliers and global supply chain partners are in compliance with the CVS Caremark Supplier Ethics Policy and abide by social, legal and trade security standards in accordance with local laws in which they operate, including prohibitions against human trafficking and slavery.

The company's direct imports include general front store merchandise including health and beauty care, household supplies, small electronics and pet supplies. The factory audit program focuses on auditing all factories where CVS is the importer of record.

Most of the direct import items are produced in factories located in China. The following chart lists the number of social audits performed in each country, based on the factory country location for 100 percent of the primary factories that produced direct imported items in 2012.

2012 Audits Performed by Country*

China	96.3%	702 audits
India	0.5%	4 audits
Philippines	0.1%	1 audit
South Korea	0.1%	1 audit
Taiwan	0.7%	5 audits
Thailand	0.5%	4 audits
United Kingdom	0.1%	1 audit
Vietnam	1.5%	11 audits

*Total does not add to 100% due to rounding.

CVS Caremark has partnered with Intertek, our third party service provider, to build a factory social audit program that allows us to assess our performance and benchmark our results against industry standards. The auditing tools provided by Intertek to meet the requirements of the factory social audit program are the Workplace Conditions Assessment and the Global Security Verification.

The Intertek Workplace Conditions Assessment (WCA) program is aligned with industry leading standards and best practices allowing benchmarking capabilities and measurable results, which increase supplier motivation and drives continuous improvement. The WCA is based on the following five criteria listed below. Each criteria is scored based on the information gathered from observation during the audit, and answers to questions collected during an audit:

- 1. Labor** – Child Labor, Forced Labor, Discrimination, Discipline, Harassment or Abuse, Freedom of Association, Employment Contracts
- 2. Wages and Hours** – Working Hours, Wages and Benefits
- 3. Health and Safety** – General Work Facility, Emergency Preparedness, Occupational Injury, Machine Safety, Safety Hazards, Chemical and Hazardous Materials, Dormitory and Canteen
- 4. Management Systems** – Established policies and procedures to ensure compliance with applicable laws and social compliance
- 5. Environment** – In compliance with all required environmental permits, licenses and registrations, aware of the potential environmental impacts of its site and having an effective environmental management system to better understand and comply with all environmental laws, regulations, and permits as they relate to hazardous waste and emissions.

Follow-up audits are performed based on the result of the initial audit.

All factories producing CVS direct import items are required to register with our auditing firm, Intertek, undergo a WCA and receive a passing score before they are allowed to ship the product to CVS.

In an effort to reduce related assessment costs and limit audit fatigue for our suppliers, CVS accepts certain globally recognized third party audit reports in lieu of a new WCA. Social audit reports that are provided by the factory must meet the following criteria to be considered valid and must not expire before the factory ship date of the CVS product being manufactured.

The following is a list of social audit reports that are accepted by CVS Caremark:

- WCA – Workplace Conditions Assessment
- ICTI – International Council of Toy Industries
- WRAP – Worldwide Responsible Accredited Production
- BSCI – Business Social Compliance Initiative
- SA8000 – Social Accountability International (SAI)

CVS Caremark has built policies around zero tolerance and non-passing audits. Depending on the audit results, the company will make a determination on how to proceed with the business relationship. In the instance of a factory found to have a zero-tolerance failure, such as child labor, forced or prison labor, abuse, harassment or attempted bribery, the company will take appropriate action up to and including cancelling all orders and placing the factory

on probation for one year. Factories must receive a passing score and have no report of a zero-tolerance failure to be approved to ship product for CVS. In 2012 we performed 729 initial and follow up assessments on a total of 658 factories and found a total of 28 incidences of zero tolerance failures. The details of the zero-tolerance incidences are listed in the table below.

CVS Caremark also adopted Intertek's Global Security Verification (GSV) program as part of our efforts to maintain our certification status with the US Customs security program called the Customs-Trade Partnership Against Terrorism (C-TPAT) program. The GSV is based on C-TPAT's Foreign Manufacturer's Security Criteria Minimum Requirements. The GSV program, as administered by Intertek, has been reviewed and is recognized by US Customs Border Protection as an approved third-party security program. CVS Caremark performs GSV audits on one hundred percent of foreign factories located outside of China producing direct import items and on twenty percent of foreign factories located within China.

Supplier Diversity Program

We are dedicated to developing procurement opportunities with a diverse community of suppliers. Our Supplier Diversity Program complements the CVS Caremark commitment to sound business practices and social responsibility to the communities we serve, and recognizes the critical role diverse-owned businesses play in our continued success and in providing outstanding service and solutions to our customers and clients. For more information on this program, see pp. 34-35.

2012 Zero Tolerance Issues/Low Scoring Factor	Number of Factories found to have a Zero Tolerance Issue	Action Taken	Follow-up/Remediation Process
Forced/Prison Labor	0	N/A	N/A
Abuse & Harassment	0	N/A	N/A
Life Threatening Conditions – Locked/blocked exits	16 (2.4% of factories)	Orders were placed on hold until corrective action was taken.	Immediate corrective action was taken and proof of correction was submitted through a corrective action plan for approval to ship orders.
Attempted Bribery (Factory Management Bribing the Auditor to receive a passing score on the audit)	9 (1.4% of factories)	9 orders were cancelled and business suspended for one year with all 9 factories. All 9 factories must pass a social audit prior to receiving new orders.	Production for 3 orders was moved to approved factories. 6 orders were canceled.
Child Labor	3 (0.5% of factories)	3 orders were cancelled and business suspended for one year with all 3 factories. All 3 factories must pass a social audit prior to receiving new orders.	Production for all 3 orders was moved to approved factories.



Corporate Governance

Stockholders and other stakeholders are increasingly interested in understanding and influencing a company's corporate governance practices, including executive compensation and board independence, for example. They are also looking for companies to be more transparent about their political spending, lobbying activities and public policy positions. Ongoing stakeholder engagement at the local and national level is critical to understanding stakeholders' interests and responding to their requests for more disclosure and participation.

CVS Caremark's commitment to sound corporate governance and accountability is reflected in our efforts to increase transparency and disclosure about our political contributions and lobbying activities, as well as engage with broader stakeholder groups to identify and address issues

important to our business. Our Values – Innovation, Collaboration, Caring, Integrity and Accountability – clearly reflect who we are as a company and how we conduct business.

Our Reputation

We are proud that CVS Caremark was named as one of the most reputable companies in the United States, according to the 2012 Most Reputable Companies list published by Forbes in partnership with the Reputation Institute. We were also included among the World's Most Admired companies by FORTUNE, listed on the Bloomberg Business Week 50 ranking of top-performing companies, ranked among The Most Valuable U.S. Retail Brands by Interbrand 2012 and listed among CR Magazine's 2012 100 Best Corporate Citizens.

We are committed to being responsive, accountable and transparent to our stakeholders and to operating in compliance with the laws and regulations governing our business.

Our Policies

In January 2013, our Board of Directors adopted the most recent version of our Corporate Governance guidelines, which meets or exceeds the listing standards adopted by the New York Stock Exchange (NYSE). These Guidelines are available on our investor relations website at <http://info.cvscaremark.com/investors>. Our guidelines and other governance policies include:

- Annual election of all directors
- Conflict of Interest Policy
- Majority voting for uncontested director elections
- Stock ownership guidelines for all directors and executive officers
- Insider Trading Policy
- All stock-based incentive plans have stockholder approval
- Stockholders ratify auditors
- Comprehensive Corporate Code of Conduct
- Ethics Line

Board Independence

According to our Corporate Governance guidelines, the majority of directors must meet the NYSE Bright Line requirements for independence, as well as our own categorical standards. The Board determines the independence of each director each March and will reevaluate its determinations as needed during the year. This year, eight of the nine nominees for election as directors at the 2013 annual meeting of stockholders were determined to be independent.

Only Directors determined by the Board to meet independence standards serve on our Board's Audit, Nominating and Corporate Governance, and Management Planning and Development Committees.

Board Committees

Audit Committee

The Board of Directors and its Committees are involved in risk oversight and management for CVS Caremark. The Audit Committee is charged with the primary role in carrying

out risk oversight responsibilities on behalf of the Board and reviews CVS Caremark's major financial risk exposures, as well as major operational, compliance, reputational and strategic risks, including steps to monitor, manage and mitigate those risks. Each of the other Board Committees is responsible for oversight of risk management practices for categories of risks relevant to their functions. The Audit Committee has broad oversight responsibilities for risks and issues that could impact our company and our business and reputational interests. At least once each year, and otherwise as needed, the Audit Committee receives comprehensive assessments from management concerning existing and emerging business risks, financial risks and legal and compliance risks, and these reports include briefings on environmental and social risks and issues. These reports also include recommendations concerning mitigation and remediation of identified risks and issues when appropriate. The Board considers its role in risk oversight when evaluating the company's Corporate Governance Guidelines and its leadership structure, which facilitate the Board's oversight of risk and communication with management. The Chairman and CEO are each focused on the company's risk management efforts and ensure that relevant matters are appropriately brought to the Board and its Committees for their review.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee advises the Board of Directors on membership criteria and recommends individuals for membership on the Board. Candidates should be distinguished individuals who are prominent in their fields or otherwise possess exemplary qualities that will enable them to effectively function as directors of the company. While the Nominating and Corporate Governance Committee does not believe it appropriate at this time to establish any specific minimum qualifications for candidates or a specific policy regarding diversity, the Committee focuses on the following qualities in identifying and evaluating candidates for Board membership: background, experience and skills; character, reputation and personal integrity; judgment; independence; diversity; commitment to the company and service on the Board; and any other factors that the Committee may determine to be relevant and appropriate. The Committee believes that the Board's current composition, which represents diverse backgrounds and experiences, provides significant benefits to the company. The Board membership (2013-2014) will include seven men and two women, all of whom are white.

Each year, the Nominating and Corporate Governance Committee leads the Board in a self-evaluation to determine

whether the Board and its Committees are functioning effectively. The Committee oversees the evaluation process and reports to the Board on the process and results of the evaluations, including any recommendations for proposed changes. When appropriate, this process includes economic, environmental or social matters.

Management Planning and Development Committee

The Management Planning and Development Committee has oversight responsibility for the company's overall compensation structure, including review of its compensation practices, with a view to assessing associated risk.

For additional details on the Board Committee composition, visit our investor relations website at <http://info.cvsremark.com/investors>.

Board Attendance

Directors are expected to attend Board and their respective committee meetings, as well as the annual meeting of stockholders. In 2012, each Director attended more than 75 percent of the Board and committee meetings of which he or she was a member.

Director Orientation and Continuing Education

All new Directors are strongly encouraged to participate in our Director orientation program and receive a comprehensive briefing on the company, its operations and policies. Ongoing learning opportunities are also available to all Directors. The Nominating and Corporate Governance Committee oversees the orientation and continuing education program for Directors.

Board Leadership Structure

The Board believes that the company and its stockholders are best served by having the flexibility to either have the same individual serve as Chairman and CEO, or two separate persons in those roles. Currently, our Board is led by an independent Chairman who presides over all meetings of the Board and works with the CEO, who is a member of the Board, to set meeting agendas and schedule Board meetings. The independent Chairman has the authority to call and to lead independent Director sessions and the ability to retain independent legal, accounting or other advisors in connection with these sessions;

facilitate communication and serve as a liaison between the CEO and the other independent directors; and advise the CEO of the informational needs of the Board.

The Board believes that Board independence and oversight of management are effectively maintained through the independent Chairman, Board's composition and Committee system. If in the future the Board decides that a non-independent Chairman should lead, then it will appoint an independent Lead Director. The Board also believes that it is not necessary to adopt a rigid policy restricting its discretion in selecting the Chairman of the Board (as well as restricting the ability to combine the positions of Chairman and CEO if future circumstances warrant), because this would deprive the Board of the ability to select the most qualified and appropriate individual to lead the Board as Chairman at any particular point in time.

Contact with the Board of Directors

Stockholders and other parties, including employees, interested in communicating directly with the Board of Directors may do so in writing to the company. The Corporate Secretary of the company reviews all such correspondence and forwards to the Board a summary of all correspondence that deals with the functions of the Board or its Committees.

Stockholder Proposals

In accordance with Securities and Exchange Commission (SEC) rules, we reprint properly submitted stockholder proposals and supporting statements, as they were submitted to us, in our annual proxy statement. Once filed, we proactively engage with the filing parties in order to better understand and address their concerns. It is worth noting that, among S&P 500 companies including CVS Caremark, an increasing number of stockholder proposals have been filed in recent years on topics relating to political contributions, lobbying expenditures and disclosures, corporate governance and executive compensation. Stockholder proposals regarding political contributions, vesting of stock awards upon a change in control of the company, and lobbying expenditure disclosure were brought for a vote at the 2013 annual meeting.

Other Governance Practices

Executive Compensation

CVS Caremark's management and Board of Directors recognize that executive compensation is an important and relevant issue in corporate governance. Our policies and programs continue to be designed to ensure an appropriate link between pay, company and individual performance, and shareholder returns. With the oversight of the Management Planning and Development Committee, our executive compensation policies and programs are designed to attract, retain and motivate talented leaders to drive company performance. This Committee also evaluates and monitors our executive compensation strategy to ensure our approach is aligned with best practices.

We are committed to a "pay-for-performance" philosophy, and we demonstrate that commitment by delivering a significant portion of our executives' annual compensation in long-term, multi-year "at risk" equity awards whose ultimate value, if any, will depend on the company's future financial and stock performance. It is not only financial performance that is important to us as a company; customer service and satisfaction metrics are an important factor in the determination of annual incentive award funding not only for executives, but for all annual incentive award recipients. In addition, we have a "claw back" provision that allows the company to recoup annual and long-term incentive awards if it is determined that fraud or financial misconduct, which allowed the executive to receive an award, had occurred. All of these actions further reinforce a strong alignment of our executives' interests with those of our stockholders.

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, we asked our stockholders at the 2012 annual meeting to provide advisory approval of the compensation paid to our executives. The vote was overwhelmingly positive, with approximately 95 percent of the stockholders voting in support of our executive pay programs. Say-on-pay votes are held annually, in response to the 85 percent stockholder vote in 2011 in favor of the company-recommended annual vote frequency.

To further demonstrate our commitment to linking pay and performance, we have added an additional measure – total shareholder return – to our three-year long term incentive plan to complement the return on net assets measure. We believe that adding total shareholder return as a measure will result in executive awards that reflect the market's view of our achievements and further align executive pay with satisfaction of stockholder objectives.

Additionally, we have put policies in place over the last few years that address concerns raised by stockholders at many companies regarding benefits payable under a

supplemental executive retirement plan (SERP) and tax gross-up payments available to executives. Under these policies, our SERP plan is now closed, and no excise tax gross-up, or any other kind of tax gross-up, will be offered to additional executive officers in the future (unless part of a program available to all employees, such as relocation). In addition, our executive officers that had excise tax gross-ups under pre-existing contracts amended their contracts to eliminate those tax gross-up provisions in 2012, with no additional compensation provided to the executives in connection with the amendments. We also have an anti-hedging policy and have eliminated "single trigger" vesting and share recycling in our stock option plan.

Political Activities and Contributions

CVS Caremark participates in the political process to help shape public policy and address legislation that has a direct impact on the company. The engagement ensures that the interests of our business, customers, shareholders and employees are fairly represented at all levels of government.

As a health care company, CVS Caremark believes that staying informed on political matters that impact how health care is delivered, which in turn impacts our business and our customers, is critically important. It is CVS Caremark policy that the CEO and the Board of Directors are responsible for determining the company's policy and political interests and deciding how to further those interests in a manner that is consistent with applicable laws. Our activities include lobbying, campaign contributions, educational outreach, and other related activities that promote efforts to improve how pharmacy care is delivered in this country.

CVS Caremark's Government Affairs team represents the company's point of view in Washington, D.C. and in state capitals around the country. Working with the businesses, the Government Affairs team focuses on legislative and public policy issues that impact the company's delivery of pharmacy care and long-term business interests and communicates with policymakers and stakeholders on issues that impact our business. These issues include:

- Privacy and protected health information
- Labor and workplace issues
- Restructuring of corporate tax rates
- Plan design, reimbursement and cost-savings proposals related to Medicare and Medicaid
- Health care delivery system reforms
- Proposed changes within United States Postal Service delivery schedule
- Prescription drug abuse, drug supply chain safety and prescriber education



Lobbying Activity

Lobbying is highly regulated in the United States, and CVS Caremark complies with applicable U.S. federal and state laws, including the Lobbying Disclosure Act and Honest Leadership and Open Government Act that require reporting on lobbying activities and certification of compliance with Congressional gift rules. CVS Caremark's federal lobbying reports can be found at <http://lobbyingdisclosure.house.gov/>.

Political Donations

As a public corporation, CVS Caremark is prohibited by federal law from making contributions to candidates or political parties in federal elections. As with many corporations, CVS Caremark offers certain eligible employees an opportunity to participate in the political process by voluntarily contributing to the CVS Caremark Employees Political Action Committee (EPAC). Political contributions to federal candidates, political party committees and political action committees are made by the company's EPAC. Consistent with federal law, CVS Caremark pays the administrative, solicitation and compliance costs of the EPAC.

The activities of the CVS Caremark-EPAC are subject to comprehensive regulation by the federal government, including detailed disclosure requirements. The CVS Caremark-EPAC files monthly reports of receipts and disbursements with the Federal Election Commission (FEC), as well as pre-election and post-election FEC reports. All political contributions over \$200 are shown in the public information made available to the FEC. Under the Lobbying Disclosure Act of 1995, CVS Caremark submits to Congress semi-annual reports, which also include a listing of CVS Caremark-EPAC's contributions to federal candidates. Those reports are publicly available at <http://lobbyingdisclosure.house.gov/>.

In addition to contributions at the federal level, the CVS Caremark-EPAC also makes state-level contributions in some states, which are disclosed as required by law, and operates employee-funded state PACs in Rhode Island, Massachusetts and New York.

All contributions made by the CVS Caremark-EPAC, including the identity of the recipients and the amounts paid to each, are reported on the company's website at <http://info.cvscaremark.com/contributions>.

Corporations are permitted to make political contributions at the state and local level, which are subject to regulation by individual states. Although some states have not banned corporate contributions to candidates or political parties, all states require that such contributions be disclosed either by the recipient or by the donor. Any information regarding the corporate contributions made by CVS Caremark to state candidates, political parties or ballot initiative committees is publicly available.

In 2010, the U.S. Supreme Court ruled that corporations have a First Amendment right to make independent expenditures, including advocating for the election or defeat of a clearly identified federal candidate. (See *Citizens United v. FEC*). Despite this ruling, CVS Caremark has not made any independent expenditures in federal, state or local elections.

CVS Caremark has a policy governing political contributions made from corporate and EPAC funds to ensure that all potential political contributions made by or on behalf of CVS Caremark or a CVS Caremark-EPAC are reviewed and approved internally for compliance with all federal, state and local laws, and that all of the company's political activities are conducted in accordance with high ethical standards. This policy applies to all employees of CVS Caremark, and each of its subsidiaries and affiliates. CVS Caremark requires certifications of compliance with this policy generally through the company's annual compliance training. Certifications must be submitted following such training by all CVS Caremark representatives and director-level employees and above who maintain budgetary authority for potential political contributions. All of the company's contributions promote the interests of the company and are made without regard for the private political preferences of company officers and executives.

In addition to EPAC contributions, details regarding CVS Caremark's corporate political contributions, including the identity of the recipients and the amounts paid to each, are updated on the company's website at <http://info.cvscaremark.com/contributions>.

Trade Association Participation

CVS Caremark participates in various federal and state trade associations or organizations that operate in support of specific industries. Trade associations participate in public relations activities such as education, advertising and lobbying to influence public policy. Many associations offer other services, such as producing conferences, networking or charitable events or offering classes or educational materials. Some associations also make political contributions or operate a PAC.

In 2012, CVS Caremark paid approximately \$1.3 million in dues to trade and industry associations for advocacy and/or political activities. Details regarding CVS Caremark's trade association membership dues can be found at <http://info.cvscaremark.com/associations> and are updated annually. These reports include the amount paid for advocacy and/or political purposes for any trade or industry association with annual total dues of \$25,000 or more.

Stakeholder Engagement

CVS Caremark benefits from engaging with stakeholders from key external and internal groups that are aligned with our goal of improving health outcomes while lowering overall health care costs. We also seek to actively engage with customers and community stakeholders in areas where we live and work. Below are some of the ways we engage and encourage communication with our stakeholders.

In addition to our annual employee engagement survey (p. 22) and ongoing retail and PBM customer outreach (p. 19), in August and September 2012 we conducted a survey of national policy influencers to measure CVS Caremark's current reputation, inform strategies for strengthening CVS Caremark's reputation, identify health care issues that offer strong opportunities for thought leadership, assess awareness and opinions of CVS Caremark's integrated business model, and identify key metrics for tracking the impact of communications over time.

Engagement with Key Stakeholder Groups

Employees

Employee engagement surveys, focus groups, newsletters, intranet, community projects

Non-Governmental Organizations

Roundtables, strategic partnerships, online engagement

Suppliers

Procurement contracts, Supplier Ethics Policy

Clients

New clinical product and service innovations, dedicated client sales and account teams, call centers

Investors, Shareholders, Analysts

Annual Report, Annual Analyst/Investor Day, Annual Shareholders Meeting, quarterly conference calls, meetings and conferences, investor website

Consumers

Expert care and guidance, innovative products and services, consumer research, consumer relations hotlines, social media, websites

Local Communities and Civic Organizations

Community engagement programs, volunteering, board memberships

Trade Associations

Meetings, reports, collaboration

Government and Regulatory Authorities

Briefings, meetings, regulatory filings

Media

Press releases, social media, websites





About This Report

CVS Caremark's 2012 Corporate Social Responsibility (CSR) Report provides an overview of the company's social and environmental commitments, and offers progress updates on the company's CSR-related initiatives and goals. Consistent with our 2011 CSR Report, the boundaries for the 2012 Report extend to all U.S. company-owned and/or operated facilities, administrative offices and retail pharmacies for the corporate enterprise, including CVS/pharmacy, MinuteClinic and CVS Caremark Pharmacy Services. Company operations outside the U.S. represent less than one percent of the total enterprise and are not covered in this report. Topics related to the company's supply chain include our Supplier Ethics Policy and product quality and safety procedures, but does not extend to environmental impacts. There may be certain events or activities referenced in this report that were initiated in 2012 but came to fruition

in early 2013. Our 2012 CSR report is our sixth annual publication of this type; our last report was published in May 2012. We plan to continue reporting on an annual basis.

Global Reporting Initiative (GRI)

CVS Caremark recognizes the value of universally accepted standards for this type of voluntary reporting. The Global Reporting Initiative (GRI), one of the most accepted frameworks in the world, served as a guide in determining content and performance metrics to include in the 2012 Report. We have provided an index of the GRI standard disclosures, including performance indicators, in this report. It can be found on pp. 68-75. Based on the criteria for GRI G3.1 Guidelines and Application Levels, the 2012 CVS Caremark CSR Report meets requirements for Level B. More information on GRI is available at www.globalreporting.org.

Materiality Assessment

As part of this year's reporting process, we commissioned a third party to help us identify and prioritize the company's material issues.

The process for determining materiality involved gathering inputs from various internal and external sources, and then evaluating and prioritizing the issues found based on their relevance and importance to the company and significance to stakeholders. The sources used in this process included:

- Internal documents and plans that articulated the company's business objectives and strategies, policies, programs and risk factors
- Communications prepared by the company for external release
- Feedback and insights from employees and customers
- Shareholder communications and any actions filed against the company
- Traditional media coverage
- Online and social media outlets
- Industry trade groups
- General trending issues of relevance

After reviewing these sources, we compiled a matrix of issues and prioritized each one based on the following criteria:

- The importance of the issue to and potential impact on CVS Caremark
- The importance of the issue to and potential impact on our stakeholders
- The amount of reasonable control CVS Caremark has over a particular issue

Based on the assessment and a review of the GRI Guidelines, the material issues of greatest importance to CVS Caremark and its stakeholders, over which the company has a reasonable level of control with respect to its related business activities, fall into the following areas: evolving role of health care, privacy practices, governance practices, stakeholder engagement, political contributions and public policy, management of the company's carbon footprint and meeting customer needs.

Reporting Year

CVS Caremark fiscal year 2012 (January 1, 2012 to December 31, 2012), unless otherwise noted.

Information Integrity

CVS Caremark management is responsible for the preparation and integrity of the information in this report. The metrics and goals in this report are established and measured by the groups responsible for achieving them. Through a system of internal controls, including a review process involving internal subject matter experts, we believe this report accurately and fairly represents our CSR activities, programs and results for the fiscal year ending December 31, 2012. The report was reviewed and approved by members of CVS Caremark senior management. However, this report has not been externally audited or verified by an independent third party, and at this time, the company does not have a policy for external assurance of its CSR Report.

Your Feedback

This report is an important tool for communicating our corporate social responsibility performance and progress. Your feedback is important to us as we continue to look for ways to improve our reporting and provide you with the information you need. Please submit your feedback to CSR@cvs.com.

Preparation of this Report

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This report contains certain forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ materially. For these statements, the company claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The company strongly recommends that you become familiar with the specific risks and uncertainties outlined under the caption "Cautionary Statement Concerning Forward-Looking Statements" in its Annual Report on Form 10-K for the fiscal year ended December 31, 2012 and in its reports filed quarterly on Form 10-Q.





Global Reporting Initiative (GRI) Index

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
Strategy and Analysis				
1.1	Statement from the most senior decision maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.	Statement from the CEO	F	5
1.2	Description of key impacts, risks, and opportunities.	Statement from the CEO	F	5
		Helping People on Their Path to Better Health		8
		About this Report		67

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
Organizational Profile				
2.1	Name of the organization.	CVS Caremark Company Profile	F	6
2.2	Primary brands, products, and/or services.	CVS Caremark Company Profile	F	6
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	CVS Caremark Company Profile	F	6
2.4	Location of organization's headquarters.	CVS Caremark Company Profile	F	6
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	CVS Caremark Company Profile	F	6
2.6	Nature of ownership and legal form.	CVS Caremark Company Profile	F	6
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	CVS Caremark Company Profile	F	6
2.8	Scale of the reporting organization.	CVS Caremark Company Profile	F	6-7
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	CVS Caremark Company Profile	F	6
2.10	Awards received in the reporting period.	Helping People on Their Path to Better Health	F	16
		A Pharmacy Innovation Company Committed to Its People		23
		Corporate Governance		60
Report Parameters				
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	About this Report	F	67
3.2	Date of most recent previous report (if any).	About this Report	F	66
3.3	Reporting cycle (annual, biennial, etc.).	About this Report	F	66
3.4	Contact point for questions regarding the report or its contents.	About this Report	F	67
3.5	Process for defining report content.	About this Report	F	67
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	About this Report	F	66
3.7	State any specific limitations on the scope or boundary of the report.	About this Report	F	66



Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	About this Report	F	66
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Innovating for a Healthier Environment About this Report	F	44 67
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	N/A	N/A	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	About this Report	F	66
3.12	Table identifying the location of the Standard Disclosures in the report.	GRI Index	F	68
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	About this Report	F	67

Governance, Commitments and Engagement

4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Corporate Governance	F	61
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	Corporate Governance	F	62
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Corporate Governance	F	61

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. Identify topics related to economic, environmental, and social performance raised through these mechanisms during the reporting period.	Corporate Governance	F	62
4.5	Linkage between compensation for members of the highest governance body, senior manager), and the organization's performance (including social and environmental performance).	Corporate Governance	F	63
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Corporate Governance	F	60
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Corporate Governance	F	61
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Our Purpose	F	4
		A Pharmacy Innovation Company Committed to Its People		27
		Corporate Integrity and Business Practices		55
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Corporate Governance	F	61
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Corporate Governance	F	61
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Helping People on Their Path to Better Health	F	15-17
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Corporate Integrity and Business Practices	F	57

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	Corporate Governance	F	65
4.14	List of stakeholder groups engaged by the organization.	Corporate Governance	F	65
4.15	Basis for identification and selection of stakeholders with whom to engage.	Corporate Governance	F	65
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Helping People on Their Path to Better Health	F	17-19
		A Pharmacy Innovation Company Committed to Its People		22
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Corporate Governance		65
		Helping People on Their Path to Better Health	F	17-19
		A Pharmacy Innovation Company Committed to Its People		22
		Corporate Governance		65
Economic Performance Indicators				
5.0 – DMA	Disclosure on the organization's management approach regarding its economic impacts throughout society.	CVS Caremark Corporate Profile	F	6
		Helping People on Their Path to Better Health		8
		Social Commitment and Philanthropy		36
EC1 – core	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	CVS Caremark Corporate Profile	P	7
		Social Commitment and Philanthropy		36
EC8 – core	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Helping People on Their Path to Better Health	F	13
		A Commitment to Diversity		35
		Social Commitment and Philanthropy		37

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
Environment Performance Indicators				
5.0 – DMA	Disclosure on the organization's management approach to environmental sustainability.	Innovating for a Healthier Environment	F	42-43, 46, 52-53
EN3 – core	Direct energy consumption by primary energy source.	Innovating for a Healthier Environment	F	47
EN4 – core	Indirect energy consumption by primary source.	Innovating for a Healthier Environment	F	47
EN5 – add	Energy saved due to conservation and efficiency improvements.	Innovating for a Healthier Environment	F	48-49
EN7 – add	Initiatives to reduce indirect energy consumption and reductions achieved.	Innovating for a Healthier Environment	F	48
EN8 – core	Total water withdrawal by source.	Innovating for a Healthier Environment	F	50
EN16 – core	Total direct and indirect greenhouse gas emissions by weight.	Innovating for a Healthier Environment	F	45
EN18 – add	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Innovating for a Healthier Environment	F	44-45
EN23 – core	Total number and volume of significant spills.	Innovating for a Healthier Environment	F	52
EN26 – core	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Innovating for a Healthier Environment	F	51-52
Human Rights Performance Indicators				
5.0 – DMA	Disclosure on the organization's management approach regarding human rights in its operations and throughout the supply chain.	Corporate Integrity and Business Practices	F	57-59
HR1 – core	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Corporate Integrity and Business Practices	F	57
HR2 – core	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	Corporate Integrity and Business Practices	F	58
HR6 – core	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Corporate Integrity and Business Practices	F	59

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
HR7 – core	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Corporate Integrity and Business Practices	F	59
HR10 – core	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Corporate Integrity and Business Practices	F	58-59
Labor Practices & Decent Work Performance Indicators				
5.0 – DMA	Disclosure on the organization's management approach to workforce diversity, programs and services for diverse communities, supplier diversity initiatives, workforce engagement and development.	A Pharmacy Innovation Company Committed to Its People	F	20
LA1 – core	Total workforce by employment type, employment contract, and region, broken down by gender.	A Commitment to Diversity A Commitment to Diversity	F	28-29 32-33
LA3 – add	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation.	A Pharmacy Innovation Company Committed to Its People	F	21
LA4 – core	Percentage of employees covered by collective bargaining agreements.	A Pharmacy Innovation Company Committed to Its People	F	27
LA8 – core	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	A Pharmacy Innovation Company Committed to Its People	F	21
LA11 – add	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	A Pharmacy Innovation Company Committed to Its People	F	24
LA13 – core	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	A Commitment to Diversity Corporate Governance	F	32-33 61
Society Performance Indicators				
5.0 – DMA	Disclosure on the organization's management approach to participating in public policy and the political process.	Corporate Governance	F	63

Indicator	Topic	Location	Coverage (Full or Partial)	Page Number
SO3 – core	Percentage of employees trained in organization's anti-corruption policies and procedures.	Corporate Integrity and Business Practices	F	55
SO4 – core	Actions taken in response to incidents of corruption.	Corporate Integrity and Business Practices	F	59
SO5 – core	Public policy positions and participation in public policy development and lobbying.	Corporate Governance	F	63
SO6 – add	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Corporate Governance	F	64

Product Responsibility Performance Indicators

5.0 – DMA	Disclosure on the organization's management approach to product responsibility.	Helping People on Their Path to Better Health	F	14
PR2 – add	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Helping People on Their Path to Better Health	F	16
PR3 – core	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Helping People on Their Path to Better Health	F	14
PR5 – add	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Helping People on Their Path to Better Health	F	19



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